

## CROATIAN DEVELOPMENT THROUGHOUT HISTORY

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### Abstract

*The paper provides a brief analysis of economic development in the territory of present day Croatia over the past five centuries. The basic indicators used are changes in gross domestic product (GDP) and population, that is, GDP per capita.*

**Key words:** *economic development, gross domestic product (GDP), population.*

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### 1. Introduction

Economic history is always covered by a veil, scarcely visible and often remaining *terra incognita*. This is particularly true in the case of Croatia, which, in its current territorial shape, has been functioning as a state and a single market for merely sixty-odd years. Throughout history, present day Croatian territory was fragmented and scattered across five states: the Venetian Republic, Hungary, Austria, the Ottoman Empire and the Dubrovnik Republic. Proceeding from Maddison's books (1995 and 2001), that is, his methodology and the evaluations he made of world population changes and gross domestic product (GDP) in the period 1000-1998, academician V. Stipetić (2003) made an attempt to develop the Croatian statistics from 1500 to 1913. Stipetić diligently collected all the "*bits and pieces*"<sup>1</sup>, fitting them together into a puzzle. Although still incomplete, the puzzle creates a rather clear picture of the past, and thus represents a compelling basis for further research, and even potential challenges to some results.

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<sup>1</sup> The demographic research is *inter alia* based on the following papers: Adamček, J. – Kampuš, I. (1976), *Popisi i obračun poreza u Hrvatskoj u XIV. i XV. stoljeću*, Croatian History Sources, Book 3, Croatian Institute of History; Bertoša, M. (1981), *Društvene strukture u Istri 16.-18. stoljeće*, in the book: *Društveni razvoj u Hrvatskoj od 16. do početka 20. stoljeća*, (ed. M. Gross); Gelo, J. – Krivošić, S. (1990), *Stanovništvo na tlu Hrvatske oko 1700. godine* (within the project: Population Development in the Croatian Territory), Institute of Economic Research of the Faculty of Economics and Business, Zagreb; Vekarić, N. (1991), *Broj stanovnika Dubrovačke Republike u 15. 16. i 17. stoljeću*, Annals of the Institute of Historical Sciences, Vol. XXIX, Dubrovnik, 1991, pp. 7-22, etc. Stipetić's GDP estimates are based on Maddison's estimates for Italy and Austria, and the Austrian statistical data (for the period 1850-1913) on crop farming, cattle stock, numbers employed, etc. For a more comprehensive list of sources and methodology, see: Stipetić (Ibid.).

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## 2. The Period 1500-1913

This section of the study will briefly analyse population changes and GDP in the territory of present day Croatia in the period 1500-1913. Firstly, time and again it should be pointed out that these estimates are sometimes very rough, for instance in the case of the Croatian and Slavonian population statistics for 1500, and may only be used for outline purposes (Stipetić, *Ibid.* p. 124). The statistics in Table 1 suggest a huge drop in the number of population in the period 1500-1700 in the territory of present day Croatia (31%). At the same time only Istria recorded a growth in population (20%), and Dubrovnik the largest population reduction (the population decreased by 2/3<sup>rd</sup>s). These changes were mostly caused by the spreading of the Ottoman Empire, which resulted in death casualties of warriors, the population's emigration to the West and towards the Mediterranean, and in the taking of "hundreds of thousands of people as slaves and workforce to the East – to Anatolia and East Balkans" (*Ibid.* p. 135)<sup>2</sup>.

Table 1: Population in the territory of present day Croatia, 1500-1913

| Year | Istria  | Dalmatia | Dubrovnik | The Croatian Military Border | Croatia and Slavonia | Total     |
|------|---------|----------|-----------|------------------------------|----------------------|-----------|
| 1500 | 47,000  | 141,000  | 80,000    | 660,000                      |                      | 928,000   |
| 1700 | 56,440  | 76,263   | 26,067    | 158,430                      | 327,300              | 644,500   |
| 1780 | 80,000  | 240,200  |           | 443,400                      | 713,000              | 1,476,600 |
| 1820 | 100,800 | 280,250  |           | 544,439                      | 856,080              | 1,781,569 |
| 1850 | 141,700 | 356,460  |           | 621,733                      | 955,950              | 2,075,843 |
| 1880 | 179,575 | 432,284  |           | 764,294                      | 1,130,075            | 2,506,228 |
| 1913 | 272,000 | 605,000  |           | 2,671,000                    |                      | 3,548,000 |

Sources for 1500: Dubrovnik (Vekarić, 1991), Istria (Bertoša, 1986), Dalmatia (Venetian census + V. Stipetić's estimates), Croatia and Slavonia (Adamček – Kampuš, 1976 and the author's estimates); for 1700: Gelo – Krivošić (1990); for 1780–1913: Gelo (1987); according to Stipetić, *Ibid.* p. 134).

The differences in population changes between Croatia and some European countries, and Europe and the world at large may only be explained by the spread of the Ottoman Empire, as laid out in Table 2.

Table 2: Population in some Western European countries, 1500-1820

|             |        |        |        | 1500=100 Index |       |
|-------------|--------|--------|--------|----------------|-------|
|             | 1500   | 1700   | 1820   | 1700           | 1820  |
| Austria     | 2,000  | 2,500  | 3,369  | 125.0          | 168.5 |
| France      | 15,000 | 21,471 | 31,246 | 143.1          | 208.3 |
| Germany     | 12,000 | 15,000 | 24,905 | 125.0          | 207.5 |
| Italy       | 10,500 | 13,100 | 20,176 | 124.8          | 192.2 |
| Switzerland | 650    | 1,200  | 1,829  | 184.6          | 281.4 |
| Spain       | 6,800  | 8,770  | 12,203 | 129.0          | 223.6 |
| Portugal    | 1,000  | 2,000  | 3,297  | 200.0          | 329.7 |

<sup>2</sup> Stipetić's figures are based on the papers by Klaić, Lorković and Sanud, as specified in the footnote. Although Stipetić himself made the conclusion that the statistics were probably exaggerated, according to M. Lorković's calculation based on historical sources, for instance, between 1415 and 1600 about 560,000 Croatian inhabitants were taken into slavery. Stipetić, therefore, points out that "this figure is indicative of enormous resultant losses of human lives" (Stipetić, *Ibid.* p.135).

|                |         |         |           |       |       |
|----------------|---------|---------|-----------|-------|-------|
| Croatia        | 928     | 645     | 1,782     | 69.5  | 192.0 |
| Western Europe | 57,628  | 81,460  | 132,888   | 141.4 | 230.6 |
| Eastern Europe | 13,500  | 18,800  | 36,415    | 139.3 | 269.7 |
| WORLD          | 437,818 | 603,410 | 1,041,092 | 137.8 | 237.8 |

Source: Stipetić, Ibid. p. 135.

There were other reasons, such as the plague, cholera and malaria epidemics<sup>3</sup>, climate change and the abandonment of farming, but these reasons also affected other countries. Dubrovnik's and Dalmatia's population drop was largely affected by reduced economic activity and the economic recession of Venice and Dubrovnik resulting from a decline in the economic importance of the Mediterranean. However, the statistics in Table 3 indicate that Istria was not so much affected by the same reasons. The Istrian population grew 20% in the period 1500-1708; Italy also recorded a population growth of 24.8%, and Venice of 38% (Maddison, 2001). It is highly likely that these tendencies were largely under the impact of the afore-mentioned population migration from Croatia (a flight before the Ottomans) to the West.

After 1700 there was a rapid increase in the Croatian population (1820/1700-276.3 Index) due to the immigration (of Czechs, Hungarians, Germans, Slovaks, Serbs and others) into the Croatian territory, which "*practically made it possible for Croatia to regain its former significance in the Western European region by 1913*" (Stipetić, Ibid. p. 138). In the period 1500-1700 Croatia did not only lose more than a quarter of its population, but also, according to Table 3 statistics, a third of its GDP.

Table 3: Croatian GDP, 1500-1913 (selected years)

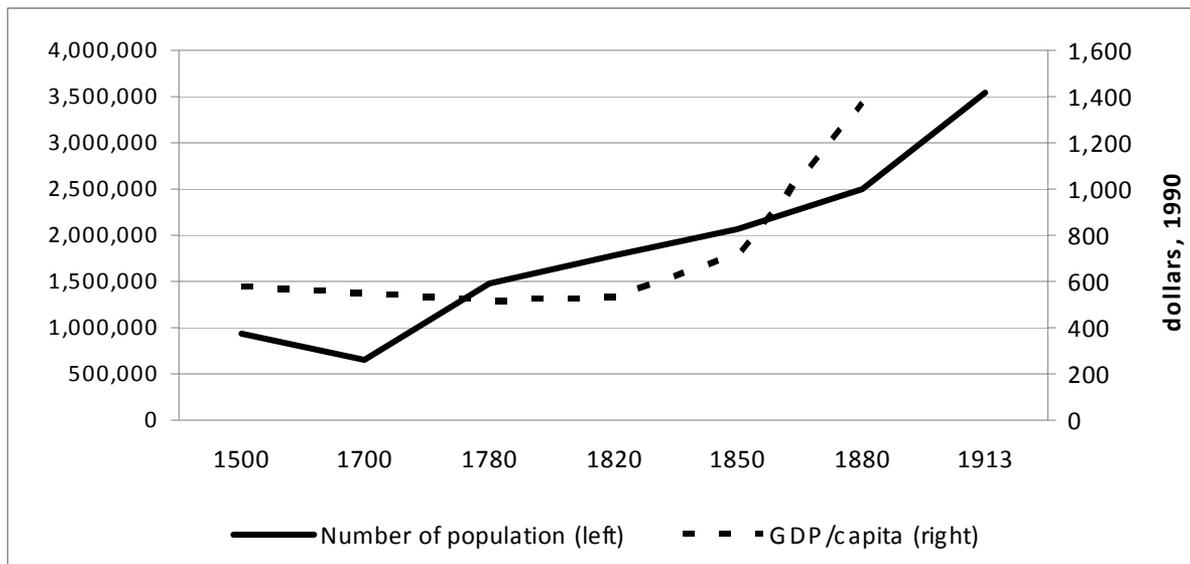
| Years   | Territory |          |        |                      |         |
|---|-----------|----------|--------|----------------------|---------|
|   | Dubrovnik | Dalmatia | Istria | Croatia and Slavonia | CROATIA |
| <b>A. GDP Volume (mil. intern. dollars in 1990)</b> |           |          |        |                      |         |
| 1500  | 74        | 100      | 38     | 323                  | 535     |
| 1700  | 24        | 48       | 41     | 238                  | 351     |
| 1820  |           | 147      | 60     | 707                  | 914     |
| 1850  |           | 191      | 98     | 809                  | 1,098   |
| 1880  |           | 288      | 164    | 1,320                | 1,773   |
| 1913  |           | 671      | 506    | 3,687                | 4,864   |
| <b>B. GDP per capita (dollars in 1990)</b>          |           |          |        |                      |         |
| 1500  | 930       | 706      | 800    | 490                  | 577     |
| 1700  | 900       | 635      | 720    | 490                  | 545     |
| 1820  |           | 525      | 595    | 505                  | 513     |
| 1850  |           | 536      | 690    | 515                  | 529     |
| 1880  |           | 667      | 915    | 698                  | 709     |
| 1913  |           | 1,136    | 1,909  | 1,366                | 1,371   |

Source: Stipetić, Ibid. p. 146)

Dubrovnik and Dalmatia suffered the largest drop in GDP volume owing to a dramatic population loss. However, the GDP statistics per capita indicate, with the exception of Croatia and Slavonia, reduced economic activity and impoverishment due to a 5% decrease in GDP per capita.

<sup>3</sup> According to Bertoša (1995), for instance, the 1556 plague epidemic claimed the lives of two thirds of Buje and Piran inhabitants.

Graph 1: Population and GDP per capita in the territory of present day Croatia, 1500-1913



Source: Stipetić, *Ibid.* pp. 134 and 146

In the period 1700-1820 GDP volume increased 2.6 times, but since the population grew 2.7 times, GDP per capita dropped by another 5%. The period of stagnation until 1850 was followed by a period of progress for Croatia (1850-1913), and GDP volume grew 4.4 times, and GDP per capita 2.7 times. In comparison with some other countries (Table 4), in 1500 Croatia achieved 75% of the Western European GDP per capita, some 2% more than the world average, that is, 27% more than Finland and 25% more than Eastern Europe. After Italy, in 1500 Dubrovnik and Istria had the highest GDP per capita, and in Dalmatia it was close to the GDP in Austria, France and England (compare Tables 3 and 4).

Table 4: GDP per capita, selected countries, 1500-1913

|                | 1500  | 1600  | 1700  | 1820  | 1870  | 1913  |
|----------------|-------|-------|-------|-------|-------|-------|
| Austria        | 707   | 837   | 993   | 1,218 | 1,863 | 3,465 |
| France         | 727   | 841   | 986   | 1,230 | 1,876 | 3,485 |
| Italy          | 1,100 | 1,100 | 1,100 | 1,117 | 1,499 | 2,564 |
| England        | 714   | 974   | 1,250 | 1,707 | 3,191 | 4,921 |
| Denmark        | 738   | 875   | 1,039 | 1,274 | 2,003 | 3,912 |
| Finland        | 453   | 538   | 638   | 781   | 1,140 | 2,111 |
| Sweden         | 695   | 824   | 977   | 1,198 | 1,664 | 3,096 |
| Norway         | 640   | 760   | 900   | 1,104 | 1,432 | 2,501 |
| Switzerland    | 742   | 880   | 1,044 | 1,280 | 2,202 | 4,266 |
| Spain          | 698   | 900   | 900   | 1,063 | 1,376 | 2,255 |
| Western Europe | 774   | 894   | 1,024 | 1,232 | 1,974 | 3,473 |
| Eastern Europe | 462   | 516   | 566   | 636   | 871   | 1,527 |
| Czech Republic | ..    | ..    | ..    | 849   | 1,164 | 2,096 |
| Former USSR    | 500   | 553   | 311   | 689   | 943   | 1,488 |
| Croatia        | 577   | ..    | 545   | 513   | 596   | 1,371 |
| WORLD          | 565   | 593   | 615   | 667   | 867   | 1,510 |

Source: Stipetić, *Ibid.* p. 152

In 1700 the picture changed completely. Croatia had only 50.1% of Western European GDP per capita, 88.6% of the world average, and only the former USSR had a lower GDP of the countries under consideration. A conclusion can hence be drawn that in the period 1500-1700 there was a gap between Croatia and developed countries – Croatia started moving away from Western Europe, but also from Eastern Europe and the world average. These negative tendencies continued until 1870, and thus in 1820 Croatia had 41.6% of the Western European GDP per capita, 80.7% of the Eastern European, and 76.9% of world GDP per capita; and in 1870 30.2% of the Western European, 68.4% of the Eastern European and 68.7% of world GDP per capita. It was not until the period 1870-1913 that Croatia started to develop faster and managed to reconcile developmental differences with the countries and entities under consideration. Thus in 1913 Croatia achieved 39.5% of the Western European GDP, 89.8% of the Eastern European and 90.8% of world GDP.

At the end of this brief analysis it can be said that regardless of Maddison's world statistics and Stipetić's Croatian statistical accuracy, it is important to recognise that in the long period of 370 years (1500-1870) Croatia remained stagnant, whilst the world, especially Western Europe, continued to develop.

### **3. Global Changes and Croatia's International Position**

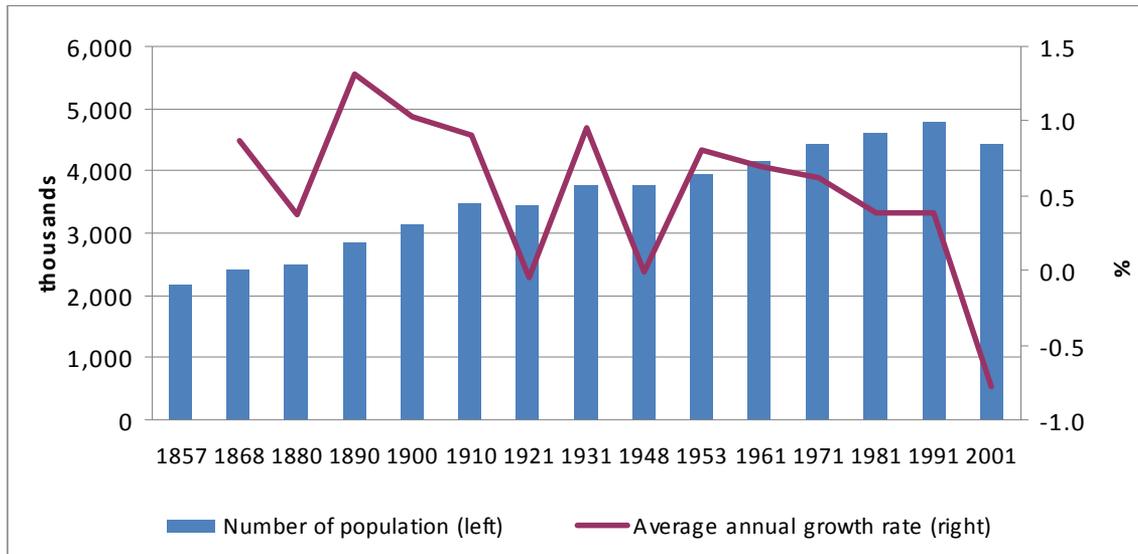
For the 20<sup>th</sup> century the statistics, based on census results and official statistical data, are more reliable and available. They can be used to make much more accurate GDP estimates and purchasing power parities. Tremendous demographic losses of Croatia recognised in the period 1500- 1706 also continued in the 20<sup>th</sup> century. In world relations, the Republic of Croatia is a low birth rate country with a continuous downward trend in the natural increase of population and substantial demographic losses caused by wars (two World Wars and the War of Independence). Table 4 statistics, which provide census results in the territory of present day Croatia covering the period 1857-2001, indicate that in some periods the number of population in the Republic of Croatia grew rather disproportionately. In the census periods 1910-1921 and 1931-1948 there was a natural decrease in numbers, a natural depopulation caused by the wars. In the First World War, assuming that the population growth rate in the period 1890-1910 remained the same, demographic losses of Croatia amounted to almost 380,000 inhabitants, or 11.1% of the population in 1921. In the Second World War, even assuming that the growth rate decreased from 9.5 to 8.5 per mille in the period 1921-1931, losses were even heavier and amounted to about 590,000 inhabitants, or 15.6% of the population in 1948 (Stipetić, 1979, p. XIX).

Naturally, without exact data it is very difficult to estimate the impacts of a lower natural increase in population (due to higher mortality and lower birth rate during the war) or emigration (negative migration balance) on total demographic losses. But it is certain that after the Second World War (after 1954), Croatia recorded a steady downward trend in the birth rate and population natural increase, and a negative migration balance (more emigrants than immigrants) until the period 1981-1991. In that period, 1981-1991, Croatia recorded a mechanical increase (more immigrants than emigrants) of 92,252 people for the first time (Wertheimer-Baletić, 2000, p. 14).

It is rather difficult to estimate the extent of demographic losses in Croatia during the War of Independence, in the first place due to largely unknown migration changes. Specifically, unofficial statistics suggests several hundred thousand Serbian emigrants, while on the other hand official statistics provide figures of about 416,911 immigrants and 107,480 emigrants in the period 1992-2001. Furthermore, there are some estimates that between 130,000 and 150,000 predominantly young people emigrated from Croatia between 1991 and 1998 (Wertheimer-Baletić, 2000, p. 16). Rather than shedding some light on this issue, the 2001 census creates additional confusion, making it extremely difficult to estimate the extent of demographic losses caused by war related emigration. What is confusing in 2001 census results?

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**Graph 2: The number of Croatian population and average annual inter-census growth rates according to censuses between 1857 and 2001**



Source: Central Bureau of Statistics, Statistical Yearbook 1995 and 2002

**Table 6: Lack of logic in 2001 census results**

|                                       |                         |                         |
|---------------------------------------|-------------------------|-------------------------|
| Number of population in 1991          | 4,784,265 <sup>1)</sup> | 4,512,652 <sup>2)</sup> |
| Live births, 1992-2001                | 480,569                 | 480,569                 |
| Deaths, 1992-2001                     | 509,326                 | 509,326                 |
| Difference                            | -28,757                 | -28,757                 |
| Immigrants, 1992-2002                 | 416,911                 | 416,911                 |
| Emigrants, 1992-2002                  | 107,480                 | 107,480                 |
| Difference, 1992-2002                 | 309,431                 | 309,431                 |
| Expected number of population in 2001 | 5,093,696               | 4,822,083               |
| 2001 Census results                   | 4,437,460               | 4,437,460               |
| Difference                            | -656,236                | -384,623                |

1) 1991 Census results

2) Estimate of the Central Bureau of Statistics, according to 2001 census methodology

Source: CBS, 1995, 1998 and 2002 Statistical Yearbooks

Table 5: Number of population in the Republic of Croatia according to censuses from 1857 to 2001

| 1857   | 1868  | 1880  | 1890  | 1900  | 1910  | 1921  | 1931  | 1948  | 1953  | 1961  | 1971  | 1981  | 1991  | 2001* |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 2,182  | 2,398 | 2,506 | 2,855 | 3,162 | 3,461 | 3,433 | 3,786 | 3,780 | 3,936 | 4,160 | 4,426 | 4,602 | 4,784 | 4,438 |
| Average annual growth rate between two censuses in percentages |       |       |       |       |       |       |       |       |       |       |       |       |       |       |
|  | 0.87  | 0.37  | 1.31  | 1.03  | 0.91  | -0.05 | 0.95  | -0.01 | 0.81  | 0.69  | 0.62  | 0.39  | 0.39  | -0.78 |

Source: Central Bureau of Statistics, 1995 and 2002 Statistical Yearbooks

\* 2001 data are not comparable with former years due to previously uncollected data about duration of temporary presence in the Republic of Croatia,

or data about transport and economic connections between persons working or living abroad and their household members in the country. Having applied the methodology,

that is, the definition of total 2001 census population, the Central Bureau of Statistics estimates that the comparable figure for 1991 would be

4,512,652 inhabitants! If this estimate is accurate, then the negative annual population decrease rate in the period 1991-2001 would be considerably lower and amount to -0.17%.

The statistics in Table 6 indicate that if the 2001 census methodology is applied to the CBS estimate, that is if the differences between births and deaths, and immigrants and emigrants are added to the 1991 census number of population, the final figures do not correspond at all to 2001 census results. While a lack of 656,000 inhabitants (first column) can be “explained” by the use of different methodologies, the same does not hold true for a lack of 385,000 inhabitants in the second column, as these figures are “comparable” figures issued by the Central Bureau of Statistics. What happened to 656,000 inhabitants according to the first, or 385,000 inhabitants according to the second version? Evidently, they were lost in migration changes, among the emigrants, that were not covered by the statistics. It implies that instead of the mentioned 107,000 inhabitants, between 492,000 and 764,000 inhabitants emigrated from Croatia in the period between the 1991 and 2001 censuses. The 1991 census results indicate that a large number of Serbs emigrated from Croatia – 582,000 inhabitants of Serbian nationality were registered in 1991, and 202,000 in 2001. The difference of 380,000 is very close to the difference shown in Table 6, second column. However, this is only speculation as, unfortunately, the exact figures for migration changes are still lacking.

Furthermore, although the statistics for the natural increase in population are available, it is very difficult to estimate the extent to which it was reduced due to war, the resultant demographic loss. Additionally, it has already been said that from 1954 Croatia had a constant downward birth rate and natural population increase trends, aggravated by a severe economic crisis from the early 1980's, which continued until the end of the 1990's. The statistics in Table 7 suggest a drastic downward trend in the natural increase rate from the average rate of 6.2 per mille a year for the period 1961- 1971 to 4.5 per mille in the period 1971-1981, and then to 1 per mill in the period 1981-1991, whilst over the period 1991-2001 a negative natural increase rate was expressed – natural population decrease or natural depopulation (a larger number of deaths than births). It could be said that this phenomenon did not happen due to an increase in the number of deaths (the number of casualties in the War of Independence amounts to 13,584), but primarily due to a decrease in the birth rate from the average annual rate of 15.9 per mille for the period 1961-1971 to 9.2 per mille in 2001.

Table 7: Population natural change rate

|           | Per 1,000 inhabitants |        |                  |
|-----------|-----------------------|--------|------------------|
|           | Live births           | Deaths | Natural increase |
| 1961-1971 | 15.9                  | 9.7    | 6.2              |
| 1971-1981 | 14.9                  | 10.4   | 4.5              |
| 1981-1991 | 12.4                  | 11.4   | 1                |
| 1981-1986 | 13.5                  | 11.2   | 2.3              |
| 1986-1991 | 11.6                  | 11.4   | 0.2              |
| 1991      | 10.8                  | 11.5   | -0.6*            |
| 1992      | 10.5                  | 11.6   | -1.1             |
| 1993      | 10.8                  | 11.4   | -0.5*            |
| 1994      | 10.9                  | 11.1   | -0.2             |
| 1995      | 11.2                  | 11.3   | -0.1             |
| 1996      | 12                    | 11.3   | 0.7              |
| 1997      | 12.1                  | 11.4   | 0.8*             |
| 1998      | 10.5                  | 11.6   | -1.2*            |
| 1999      | 9.9                   | 11.4   | -1.5             |
| 2000      | 10.0                  | 11.5   | -1.5             |
| 2001      | 9.2                   | 11.2   | -1.9             |
| 1991-2001 | 10.7                  | 11.4   | -0.7             |

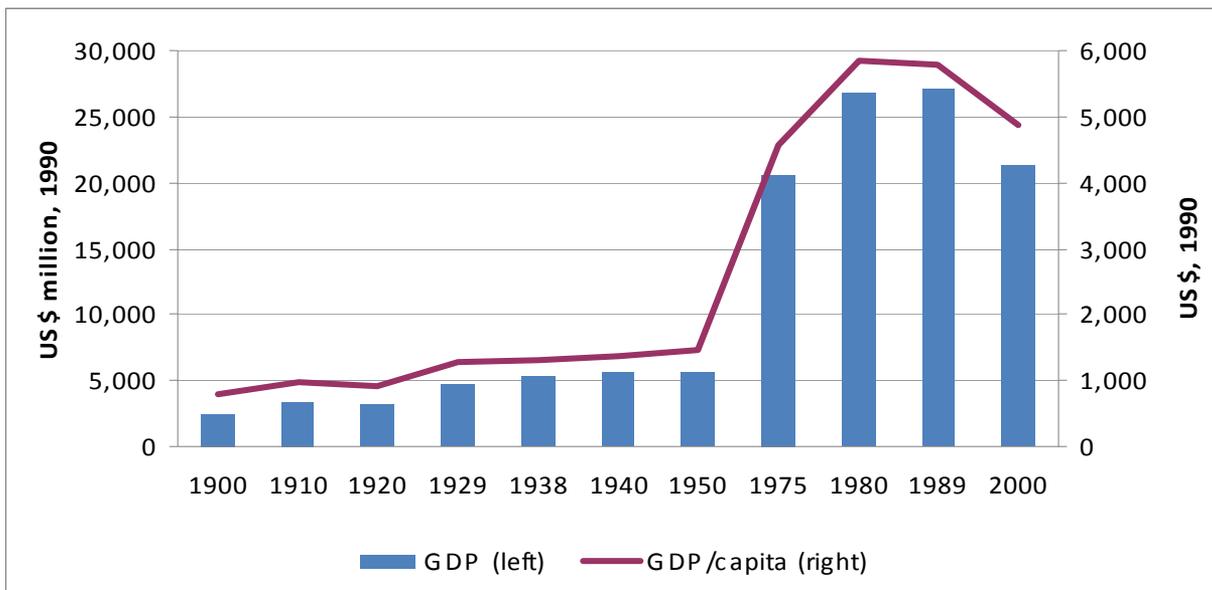
Source: CBS

A large drop in birth rate and natural population increase after 1986 is especially noticeable, as the birth rate drops from 13.5 per mille in the period 1981-1986 to 11.6 per mille in the period 1986-1991, and the natural increase rate from 2.3 to 0.2 per mille in the same periods. In the period 1991-1995 the severe economic crisis, the expected breakdown of Yugoslavia and the war resulted in a negative natural population increase rate, followed by modest recovery after *Operation Storm* in 1996 and in 1997, but after 1998 Croatia had a higher natural population decrease than in the war period, which was progressive year by year! If an attempt was made to estimate demographic losses due to a war induced drop in natural increase, then, presuming the annual rate of 1 per mill for the period 1981-1991 remained unchanged, that would amount to about 36,000 inhabitants over the period 1991-1995, 13,584 persons of which were a direct

physical loss caused by the War of Independence. Naturally, there are many unresolved dilemmas and questions, for example, why was the birth rate in 1999 or 2001 considerably lower than in any other year during the war?

The pace of economic development can be studied from the statistics in Table 8, but a methodological remark should be made prior to the analysis. The first two columns contain GDP and GDP per capita figures in constant 1990 US\$, while the other two columns contain the same data in constant 1990 US\$, but in accordance with purchasing power parity. The data suggest that the tendencies, regardless of differences in absolute amounts (due to different methodologies), are very similar. Thus, according to constant dollars (first column) GDP in the period 1900-2000 increased 208.7 times, and according to the purchasing power (third column) 8.9 times, while according to the first methodology GDP per capita increased 6.3 times (second column), and according to the second 6.2 times (fourth column). Both data series indicate that development was rather uneven, in fact, nonlinear. It can be seen that the war periods, in addition to natural depopulation, also resulted in a reduction in economic activity and a relatively long recovery. Consequently, GDP was 7% in 1920, and GDP per capita 5.7% lower than in 1910. In 1950 GDP was lower by 1% according to the first methodology, or 1.3% according to the second, than in 1940, and GDP per capita – due to the large natural depopulation – was higher by 7.2, or 5.8%.

Graph 3: Croatian GDP in the 20th Century



Source: Družić, Tica, 2002, pp. 112-114

It is interesting that in the period 1989-2000 in Croatia, during the War of Independence, there was, in addition to incomparably smaller human casualties and material destruction, a considerably larger drop in economic activity than in the periods between the two World Wars, which implies that it was caused by completely different reasons. Thus, in 2000 GDP was 20.4% according to the first methodology and according to the second 13.4% lower than in 1989; and GDP per capita was 16.6% lower (or 12.4% according to the second methodology).

Table 8: Croatian GDP in the 20<sup>th</sup> century

| Years              | In US\$ in 1990 |            | In US\$ in 1990, according to purchasing power parity |            |
|--------------------|-----------------|------------|---|------------|
|                    | GDP (mil.)      | GDP/capita | GDP (mil.)  | GDP/capita |
| 1900               | 2,461           | 779        | 3,243   | 1,026      |
| 1910               | 3,367           | 973        | 4,436   | 1,282      |
| 1913               | -               | -          | 4,864   | 1,371      |
| 1920               | 3,131           | 918        | -   | -          |
| 1929               | 4,781           | 1,287      | 6,060   | 1,632      |
| 1938               | 5,319           | 1,304      | 6,753   | 1,667      |
| 1940               | 5,651           | 1,356      | 7,174   | 1,737      |
| 1950               | 5,594           | 1,453      | 7,078   | 1,838      |
| 1975               | 20,570          | 4,571      | 24,962  | 5,547      |
| 1980               | 26,877          | 5,858      | 33,245  | 7,246      |
| 1989               | 27,142          | 5,793      | 34,692  | 7,278      |
| 2000               | 21,393          | 4,883      | 28,812  | 6,347      |
| Periodical indices |                 |            |   |            |
| 1900-1913          | -               | -          | 150.0   | 133.6      |
| 1913-1920          | 93.0            | 94.3       | -   | -          |
| 1920-1929          | 152.7           | 140.2      | -   | -          |
| 1929-1940          | 118.2           | 105.4      | 118.4   | 106.4      |
| 1900-1940          | 229.2           | 174.1      | 221.2   | 169.3      |
| 1940-1950          | 99.0            | 107.2      | 98.7  | 105.8      |
| 1950-1980          | 480.5           | 403.2      | 469.7   | 394.2      |
| 1980-1989          | 101.0           | 98.9       | 104.4   | 100.4      |
| 1989-2000          | 78.8            | 84.3       | 83.1  | 87.2       |
| 1980-2000          | 79.6            | 83.4       | 86.6  | 87.6       |
| 1900-2000          | 869.3           | 626.8      | 888.4   | 618.6      |

Sources: For GDP in US\$ in 1990 (Družić – Tica, 2002, 112-114, and for GDP in US\$ in 1990 according to purchasing power (Stipetić, 2002, p. 73 and Stipetić, 2002a, p. 35)

The development was inconsistent even during peacetime. Thus in the period 1900-1913 GDP increased 50% (an average annual growth rate of 3.2%), and GDP per capita 33.6% (annual rate of 2.3%). In the period 1920-1929 GDP volume increased 52.6%, and GDP per capita 40.2%, whilst in the period 1929-1940, under the impact of a severe world economic crisis, the economic growth was registered as slower, and the GDP volume increased 15.3% (according to the first methodology), or 18.4% (according to the second), and GDP per capita only 5.4%, or 6.4%.

The period between 1950 and 1980 is a period of faster Croatian development not only in the 20<sup>th</sup> century, but also in the entire historical period under consideration (from 1500 to 2000). In this period Croatia achieved GDP volume growth of 4.8% (according to the first methodology), or 4.7% (according to the second), and GDP per capita grew about 4 times. It was followed by a period of stagnation in the 1980's.

If the two longer time periods were to be compared, 1900-1940 and 1940-1980, then it is evident that the second period was more than twice as successful. The statistics in Table 9 indicate the extent of correspondence between the tendencies in population change and the economic development, i.e. their importance in European and world relations.

Table 9: Population and GDP increase in 15 world countries, 1900, 1950 and 2000

| Country                  | Population (thousand) |              |              | GDP (mil. US\$ in 1990) |              |               |
|--------------------------|-----------------------|--------------|--------------|-------------------------|--------------|---------------|
|                          | 1900                  | 1950         | 2000         | 1900                    | 1950         | 2000          |
| <i>A. Central Europe</i> |                       |              |              |                         |              |               |
| Austria                  | 5,973                 | 6,935        | 8,180        | 17,327                  | 25,873       | 173,660       |
| Czech Republic           | 9,372                 | 8,926        | 10,272       | 10,028                  | 40,024       | 119,360       |
| Hungary                  | 7,127                 | 9,338        | 10,070       | 12,843                  | 23,158       | 95,600        |
| Poland                   | 24,750                | 24,824       | 38,650       | 36,135                  | 60,742       | 276,000       |
| Slovakia                 | 2,783                 | 3,463        | 5,401        | 3,518                   | 9,367        | 48,850        |
| Slovenia                 | 1,268                 | 1,473        | 1,995        | 1,950                   | 3,901        | 27,700        |
| Switzerland              | 3,300                 | 4,694        | 7,150        | 11,653                  | 41,959       | 175,850       |
| Croatia                  | <b>3,161</b>          | <b>3,856</b> | <b>4,445</b> | <b>3,243</b>            | <b>7,087</b> | <b>28,212</b> |
| <i>B. Western Europe</i> |                       |              |              |                         |              |               |
| England                  | 38,426                | 50,363       | 59,560       | 176,504                 | 344,859      | 1,113,500     |
| France                   | 40,598                | 41,836       | 59,100       | 115,645                 | 218,409      | 1,177,000     |
| Ireland                  | 3,180                 | 2,969        | 3,790        | 7,935                   | 10,444       | 71,950        |
| Italy                    | 33,672                | 47,105       | 57,700       | 58,779                  | 161,351      | 1,090,000     |
| Spain                    | 18,566                | 27,868       | 39,470       | 37,873                  | 66,792       | 597,000       |
| USA                      | 76,391                | 152,271      | 272,993      | 312,866                 | 1,457,624    | 7,526,400     |
| Japan                    | 44,103                | 83,563       | 126,300      | 50,045                  | 156,546      | 2,750,000     |

Source: Stipetić, 2002, p. 76

The statistics suggest that only the Czech Republic (9.8%), Ireland (18%) and Austria (37%) had slower population growth than Croatia (40.6%) in the 20<sup>th</sup> century. In comparison with 14 countries in Table 9, the increase in Croatian GDP volume in the 20<sup>th</sup> century by almost 9 times is more than modest. Significantly, Japan increased its GDP volume 55 times, the USA 24 times, etc. Only the Czech Republic (6 times), England (6.3 times), Hungary (7.4 times) and Poland (7.6 times) had worse results than Croatia. Since some countries also achieved their growth owing to a large population increase (primarily the USA, Japan, Spain and Switzerland), GDP per capita is by far a much more realistic indicator of the increased level of development, the national productivity of work. The statistics in Table 10 indicate that in the 20<sup>th</sup> century England (4 times), Poland (4.9 times), Hungary (5.3 times) and the Czech Republic (5.4 times) had slower GDP growth per capita than Croatia (6.2 times). Furthermore, in the period 1900-1940 all countries under consideration achieved moderate GDP growth per capita, which accelerates rapidly after 1950.

Table 10: GDP per capita in the 20<sup>th</sup> century (selected countries)

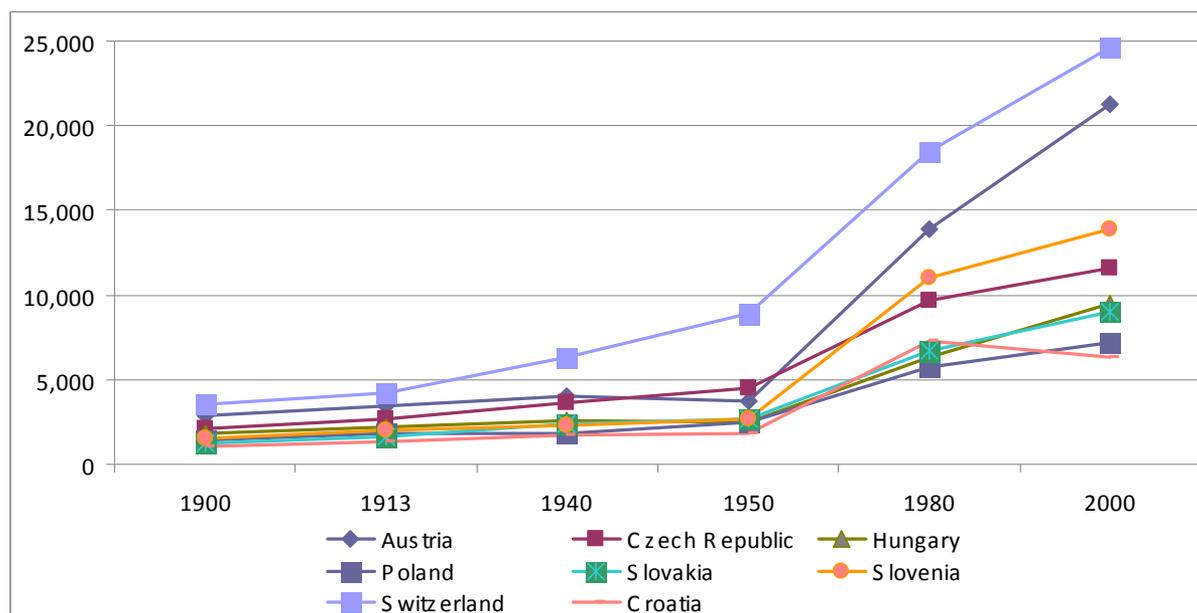
| Country                  | GDP per capita (US\$ in 1990) |              |              |              |              |              |
|--------------------------|-------------------------------|--------------|--------------|--------------|--------------|--------------|
|                          | 1900                          | 1913         | 1940         | 1950         | 1980         | 2000         |
| <i>A. Central Europe</i> |                               |              |              |              |              |              |
| Austria                  | 2,901                         | 3,488        | 3,985        | 3,731        | 13,881       | 21,23        |
| Czech Republic           | 2,137                         | 2,663        | 3,675        | 4,484        | 9,646        | 11,619       |
| Hungary                  | 1,802                         | 2,205        | 2,626        | 2,480        | 6,307        | 9,495        |
| Poland                   | 1,460                         | 1,831        | 1,800        | 2,447        | 5,740        | 7,141        |
| Slovakia                 | 1,263                         | 1,672        | 2,398        | 2,705        | 6,698        | 9,044        |
| Slovenia                 | 1,538                         | 2,048        | 2,341        | 2,648        | 11,047       | 13,872       |
| Switzerland              | 3,531                         | 4,207        | 6,309        | 8,939        | 18,520       | 24,595       |
| Croatia                  | <b>1,026</b>                  | <b>1,371</b> | <b>1,732</b> | <b>1,838</b> | <b>7,246</b> | <b>6,347</b> |

| <i>B. Western Europe</i> |       |       |       |       |        |        |
|--------------------------|-------|-------|-------|-------|--------|--------|
| England                  | 4,593 | 5,032 | 6,546 | 6,847 | 12,777 | 18,695 |
| France                   | 2,849 | 3,452 | 4,004 | 5,221 | 14,979 | 19,880 |
| Ireland                  | 2,495 | 2,733 | 2,288 | 3,518 | 8,256  | 19,184 |
| Italy                    | 1,746 | 2,507 | 3,429 | 3,425 | 13,092 | 18,998 |
| Spain                    | 2,040 | 2,255 | 3,160 | 2,397 | 9,539  | 15,138 |
| USA                      | 4,096 | 5,307 | 7,018 | 9,573 | 18,270 | 27,573 |
| Japan                    | 1,135 | 1,334 | 2,765 | 1,873 | 13,113 | 21,755 |

Source: See Table 9

The scientific and technological revolution and the absence of substantial world conflicts resulted in unprecedented growth rates. Some countries (Austria, Italy, Spain) achieved much greater progress in the period 1950-1980 than in previous 450 years! Croatia did not only join the trend in the countries under consideration, but also ranked among the leading countries according to its pace of development. Only Japan (11 times) and Slovenia (4.2 times) had a faster development than Croatia in the period 1950-1980. In the mentioned period Croatian GDP increased 4 times, and in previous 450 years 3.2 times (compares Tables 10 and 4).

Graph 4: GDP per capita in the 20<sup>th</sup> century (selected countries)



Source: Stipetić, 2002, p. 76

## 4. THE CROATIAN ECONOMIC POSITION WITHIN YUGOSLAVIA

### 4.1 The period 1918-1941

When Croatia became a part of Yugoslavia in 1918, it joined an economically undeveloped national community, which remained undeveloped until 1940. With an average annual growth rate in national income of 1.9% in the period 1923-1939 (0.15% per capita), Yugoslavia preserved all the characteristics of an economically underdeveloped country, predominantly

characterised by extensive farming from the beginning until the end (Sirotković, 1996, p. 45). In his comparison between Croatian and the Serbian State property brought to the new country, that is between the pre-war Croatian and Slavonian State property and the Serbian State property, R. Bićanić (2004, pp. 63-64) sets forth the following: “Before the wars there were 1,561 buildings in State (that is, State, national, county, district) ownership in Serbia, and 4,048, or two and a half times more, in Croatia and Slavonia. Serbia had 1,900 ha of cultivated land in State ownership, whilst Croatia had 8,600 ha (that is, four and a half times more). There were 11,206 km of public roads in Serbia, whilst Croatia had nearly twice as many (20,087 km). Croatia had 5,796 km of State and national roads, whilst Serbia had a mere 3,130 km. The national railways in pre-Kumanovo Serbia operated over 692 km, whilst in Croatia they operated over 871 km of State railways. In addition, the State exploited 876 km of private railways. Before the war, these two countries had the following State forest areas:

|                         | Croatia                | Serbia                 |
|-------------------------|------------------------|------------------------|
| Area in ha              | 357,000 ha             | 642,000 ha             |
| Felled timber per annum | 133,525 m <sup>3</sup> | 56,223 m <sup>3</sup>  |
| Firewood                | 325,623 m <sup>3</sup> | 71,536 m <sup>3</sup>  |
| Total:                  | 459,148 m <sup>3</sup> | 127,759 m <sup>3</sup> |
| State forest revenue:   | K 2,539,000            | D 356,000              |

The forest area comparison does not reveal a realistic picture, as the Serbian forest area delimitation was different from the Croatian, and moreover, State and municipal forests cannot be clearly distinguished. In addition, merely 50% of Serbian forests were high in comparison with 77% in Croatia. The exploitation of these forests can be seen from the amount of felled timber and revenue generated. The State forest revenue in Croatia is nearly 7.5 times greater than Serbian revenue”. The sharpest differences lay in the fields of banking and services. “Zagreb alone collected 40% of all private financial transactions from the entire country, whilst Central Croatia accounted for 7%. Croatian regional development was strongly supported by major banks and a deposit-based savings system in private banks. These banks received the largest capital share accumulated in Croatian regions” (Bićanić, *Ibid.* p. 52). In another study, Bićanić (1972, pp. 2-4) sets forth that although in 1912 Croatian banks controlled only 5.4% of assets of the Hungarian part of the country, in 1921 Croatian banks managed 55% of the Yugoslav banking capital. Croatia, Slavonia and Dalmatia had 27% of the population and 33% of the labour force. Thus, Zagreb became the financial, industrial and mercantile centre of Yugoslavia, whilst Belgrade was its administrative and political centre. In that way, the Serbs were able to use their political power to compensate for their economic underdevelopment.

The abuse of political power in the period from 1918 to 1930 was primarily reflected in the introduction of a single currency, war damage repair, military and paramilitary police positions at the time, and the state monopoly policy (matches, salt, tobacco, etc.). However, this first period was characterised by “complete freedom of action of private, domestic and foreign capital, full State protection (customs protection, persecution of labour organisations, local authorities, the police in particular, made available to capitalist, domestic and foreign, enterprises), and none whatsoever State ‘interference in economic relations, which would in any way possible restrict capital or its actions, whatever they may be’ ” (Mirković, 1950, p. 49)

The gradual preference for State capital ended in conflict between Belgrade (State) and Zagreb (private) financial capital. The epilogue to the conflict was the crash of private banking, especially of the First Croatian Savings Bank (founded in 1848). The State, that is the National Bank, could have helped the Savings Bank to resolve its difficulties, just as they helped other

State financial institutions if only they wished to do so. "The crash of financial capital organisation and institutions reinforced the position and extended the sectoral activities of organisations and institutions, of the State or State-privileged capital: of the National Bank, the State Mortgage Bank, the Postal Savings Bank, the Agrarian Bank (founded in 1930), and the Craftsmen's Bank (founded in 1927). Between 1931 and 1941 the State and the privileged economic sector gained a factual (genuine) monopoly over sources of credit, the export of agricultural products, and due to the Agrarian Bank and the export monopoly, a crucial impact on agricultural co-operatives. Two privileged enterprises in agriculture and the metal industry, Jugoslavenski silosi (Yugoslav Silos) and Jugočelik (Yugo-Steel) were founded" (Mirković, 1950:64). The investment policy favoured Serbian development and construction, as indicated beyond any doubt by the statistics in Table 11. The statistics suggest that in the period 1925-1934 57% of investments were made in Serbia, whilst a mere 12% in Croatia.

The previously mentioned State banks had a similar policy. Thus the Agrarian Bank (credit) ranking on 17 April 1937 can be shown as follows:

Table 12: The agrarian bank ranking

|                                |         |         |     |        |
|--------------------------------|---------|---------|-----|--------|
| Slovenia                       | 7.2     | Million | DIN | 0.6%   |
| Croatia, Slavonia and Dalmatia | 146.9   | "       | "   | 12.2%  |
| Vojvodina with Syrmia          | 387.4   | "       | "   | 32.2%  |
| Bosnia and Herzegovina         | 131.5   | "       | "   | 11.0%  |
| Serbia and Montenegro          | 544.0   | "       | "   | 45.3%  |
| Total                          | 1,217.0 | Million | DIN | 100.0% |

Source: Bićanić, Ibid. p. 224

Industry also shows how Serbian development was noticeably favoured. In any case, Anđrija Hebrang makes such an assessment in his speech during the adoption of the FPRY Five Year Plan 1947-1951:

*"It was different in old Yugoslavia. The pace of industrial production development in some countries was in compliance with the policy of national oppression pursued by the Great Serbian bourgeoisie. Such is the picture painted by the pace of industrial production development in entire Yugoslavia and in some countries"*<sup>4</sup>.

Table 13: Industrial production indices, 1939/1929

|                        | 1939/1929 Index |
|------------------------|-----------------|
| Yugoslavia             | 120             |
| Serbia                 | 144             |
| Croatia                | 107             |
| Slovenia               | 110             |
| Bosnia and Herzegovina | 111             |
| Macedonia              | 92              |
| Montenegro             | 111             |

Source: Petogodišnji plan razvitka narodne privrede Federativne Narodne Republike Jugoslavije, 1947-1951, (1947), Borba, Beograd, p. 19

<sup>4</sup> Petogodišnji plan razvitka narodne privrede Federativne Narodne Republike Jugoslavije, 1947-1951, (1947), Borba, Beograd, p. 19.

Table 11: Outline of State and Government investment in technical work in the entire country by provinces, 1925-1934

| Province               | Total |      |         |       | Roads |      |         |       | Bridges |      |         |       |
|------------------------|-------|------|---------|-------|-------|------|---------|-------|---------|------|---------|-------|
|                        | State | %    | Govern. | Total | State | %    | Govern. | Total | State   | %    | Govern. | Total |
| Slovenia               | 108   | 3.9  | 92      | 200   | 66    | 5.0  | 44      | 110   | 15      | 3.3  | 4       | 19    |
| Croatia                | 250   | 9.0  | 211     | 461   | 108   | 8.2  | 103     | 211   | 39      | 8.5  | 10      | 49    |
| Dalmatia               | 102   | 3.7  | 39      | 141   | 48    | 3.6  | 19      | 67    | 19      | 4.2  | 4       | 23    |
| Bosnia and Herzegovina | 278   | 10.0 | 122     | 400   | 146   | 11.0 | 31      | 177   | 75      | 16.4 | 22      | 97    |
| Vojvodina              | 111   | 4.0  | 176     | 281   | 61    | 4.6  | 81      | 142   | 7       | 1.5  | 5       | 12    |
| Montenegro             | 169   | 6.1  | 31      | 200   | 85    | 6.4  | 11      | 96    | 47      | 10.3 | 7       | 54    |
| Serbia                 | 1,753 | 63.3 | 469     | 2,222 | 810   | 61.2 | 141     | 951   | 255     | 55.8 | 82      | 337   |
| Total                  | 2,771 | 100  | 1,140   | 3,911 | 1,324 | 100  | 430     | 1,754 | 457     | 100  | 134     | 591   |

| Province               | Buildings |      |         |       | Installations |      |         |       | Hydro-technical works |      |         |       |
|------------------------|-----------|------|---------|-------|---------------|------|---------|-------|-----------------------|------|---------|-------|
|                        | State     | %    | Govern. | Total | State         | %    | Govern. | Total | State                 | %    | Govern. | Total |
| Slovenia               | 21        | 2.6  | 29      | 50    | 4             | 3.3  | 7       | 11    | 2                     | 2.3  | 8       | 10    |
| Croatia                | 80        | 10.0 | 69      | 149   | 14            | 11.7 | 5       | 19    | 9                     | 12.9 | 24      | 33    |
| Dalmatia               | 27        | 3.4  | 9       | 36    | 2             | 1.7  | 1       | 3     | 6                     | 8.7  | 6       | 12    |
| Bosnia and Herzegovina | 47        | 5.9  | 56      | 103   | 5             | 4.2  | 6       | 11    | 5                     | 7.1  | 5       | 12    |
| Vojvodina              | 16        | 2.0  | 23      | 39    | 3             | 2.5  | 4       | 7     | 24                    | 34.3 | 63      | 87    |
| Montenegro             | 27        | 3.4  | 11      | 38    | 2             | 1.7  | -       | 2     | 8                     | 11.4 | 2       | 10    |
| Serbia                 | 582       | 72.8 | 194     | 776   | 90            | 75.0 | 18      | 108   | 16                    | 22.8 | 34      | 50    |
| Total                  | 800       | 100  | 391     | 1,191 | 120           | 100  | 41      | 161   | 70                    | 100  | 144     | 214   |

Source: Bićanić, Ibid. p. 134

It might be best to take Bićanić's (Ibid. p. 241) conclusions from his book *Ekonomska podloga hrvatskog pitanja* as an evaluation of the entire period:

*"a) The Croatian regions are exploited. Their share they give to the State is much larger than the share they obtain from the State. Thus in the present State establishment, the Croats factually lose large sums on an annual basis; b) For their own needs, the Croatian regions do not even have those funds that they had prior to the war, and in turn, their condition is declining in comparison with the condition a quarter of a century ago; c) Our basic economic problems, especially the rural ones, are left unresolved. They provide the basis of the entire economy (for instance, harbours and marine connections, soil improvement, passive regions, activation, colonisation, electrification, etc.), making our development potential thus restricted; d) Our funds are used to develop the economic power of the Serbian oligarchy, which holds us in its political power. Its intention is to use the existing political system and turn us into its economic prisoners".*

In addition to lethal Great Serbian hegemony, the impact of foreign capital supremacy was just as negative. The holders of 62% of deposited shares at general assemblies of all stock companies in Yugoslavia in 1938 were as follows:

Table 14: Share ownership structure in Yugoslavia in 1938

|   |                             |
|---|-----------------------------|
| State capital                                       | DIN 448,315,350 or 9.67%    |
| Monetary institutes                                 | DIN 452,502,752 or 9.76%    |
| Foreign capital                                     | DIN 2,387,029,369 or 51.52% |
| Stock companies (holding shares of other companies) | DIN 116,761,682 or 2.51%    |
| Other shareholders                                  | DIN 1,229,027,744 or 26.54% |

Source: V. Rozenberg and J. Kostić, 1939, p. 227; S. Kukoleča, 1941, p. 385 (according to Mirković, 1950, p. 66)

The statistics suggest the 51.5% supremacy of foreign capital. Its achieved share must have been considerably higher, as the statistics include only 62% of shares. Hence Mirković took into account industry, shops, banks and transport and came up with the sum total "of 10 billion dinars foreign capital in the Yugoslav national economy in 1939" (Mirković, 1950, pp. 71-72). Due to its proportion within Yugoslav industry, banking, insurance, trade and transport, foreign capital had a crucial impact on economic and general State policies, making "all other economic activities depend on it" (Ibid. 66-67). Economic stagnation, together with the Great Serbian hegemony reflected in impoverishment and oppression of non-Serbian peoples, resulted in the escalation of inter-ethnic tensions and the collapse of the "first" Yugoslavia. Looking for a way out, Croats turned to two radical solutions – radical Ustasha nationalism and communist ideology. "The history of Karadžević's Yugoslavia only shows how plunder and the unscrupulous race for the acquisition of wealth, irrespective of the general well-being and national needs, inevitably lead to disaster" (Dujšin, 2004, p. 29).

#### 4.2 The period 1945-1989

Although the previous section ended with the conclusion that the period 1950-1980, when Croatian GDP grew by a factor of 4 and was the most successful period in the five-century history of Croatia, it should, nevertheless, be ascertained that these results were below Croatian material and human potential. An attempt will be made to explain and verify this assertion by the statistics in Table 15.

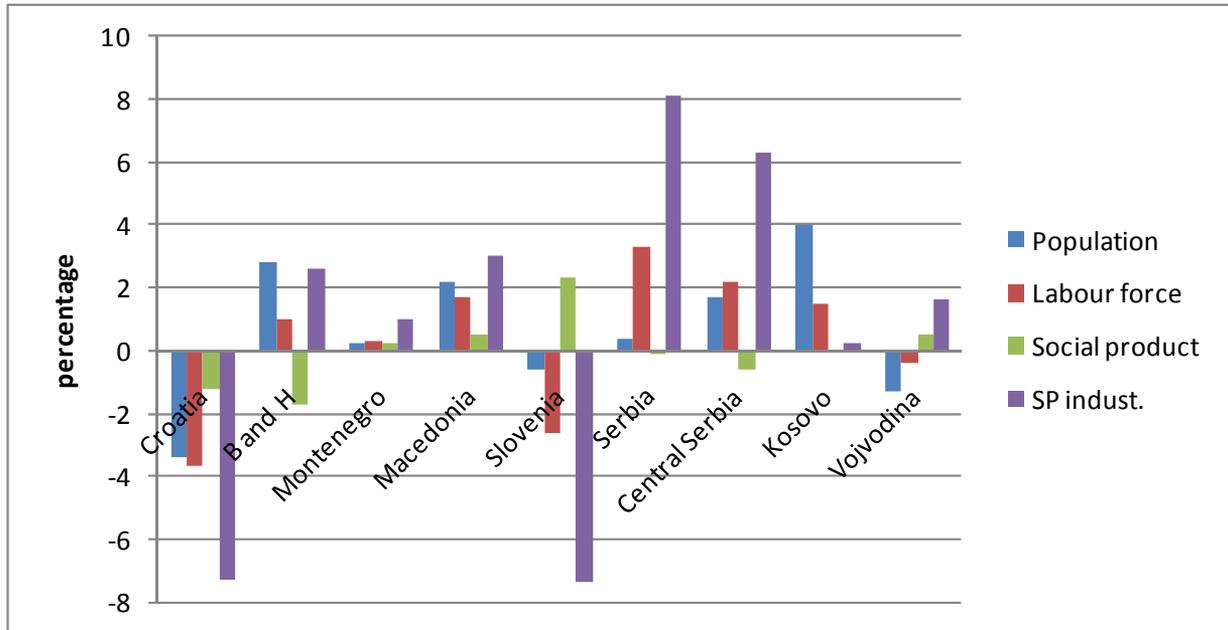
Table 15: Population, employment, production – Shares of Yugoslav Republics and Provinces, 1953-1989

|                          | In percentages<br>Yugoslavia = 100 |             |             |             |             |             |                   |             |             |
|--------------------------|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------------|-------------|-------------|
|                          | Croatia                            | B and H     | Montenegro  | Macedonia   | Slovenia    | Serbia      | Central<br>Serbia | Kosovo      | Vojvodina   |
| <b>Population</b>        |                                    |             |             |             |             |             |                   |             |             |
| 1953                     | 23.2                               | 16.7        | 2.5         | 7.7         | 8.8         | 41.1        | 26.3              | 4.2         | 10.0        |
| 1989                     | 19.8                               | 18.9        | 2.7         | 8.9         | 8.2         | 41.5        | 24.6              | 8.2         | 8.7         |
| Difference               | <b>-3.4</b>                        | <b>+2.8</b> | <b>+0.2</b> | <b>+2.2</b> | <b>-0.6</b> | <b>+0.4</b> | <b>+1.7</b>       | <b>+4.0</b> | <b>-1.3</b> |
| <b>Active Population</b> |                                    |             |             |             |             |             |                   |             |             |
| 1953                     | 23.8                               | 15.4        | 1.9         | 6.8         | 9.0         | 43.1        | 29.8              | 3.4         | 9.9         |
| 1981                     | 21.2                               | 15.9        | 2.1         | 6.8         | 9.0         | 43.1        | 30.1              | 3.7         | 9.2         |
| Difference               | <b>-2.6</b>                        | <b>+0.5</b> | <b>+0.2</b> | <b>=0.0</b> | <b>=0.0</b> | <b>=0.0</b> | <b>=1.7</b>       | <b>+0.3</b> | <b>-0.7</b> |
| <b>Agriculture</b>       |                                    |             |             |             |             |             |                   |             |             |
| 1953                     | 21.4                               | 17.2        | 2.5         | 7.9         | 5.9         | 45.1        | 29.0              | 5.7         | 10.4        |
| 1981                     | 15.6                               | 16.0        | 1.8         | 9.2         | 4.0         | 53.4        | 35.4              | 8.9         | 9.2         |
| Difference               | <b>-3.8</b>                        | <b>-1.8</b> | <b>-0.7</b> | <b>+1.3</b> | <b>-1.9</b> | <b>+8.3</b> | <b>+6.4</b>       | <b>+3.3</b> | <b>-1.2</b> |
| <b>Labour force</b>      |                                    |             |             |             |             |             |                   |             |             |
| 1955                     | 27.2                               | 14.8        | 2.2         | 6.0         | 15.0        | 34.8        | 23.0              | 2.0         | 9.8         |
| 1989                     | 23.5                               | 15.8        | 2.5         | 7.7         | 12.4        | 38.1        | 25.2              | 3.5         | 9.4         |
| Difference               | <b>-3.7</b>                        | <b>+1.0</b> | <b>+0.3</b> | <b>+1.7</b> | <b>-2.6</b> | <b>+3.3</b> | <b>+2.2</b>       | <b>+1.5</b> | <b>-0.4</b> |
| <b>Social product</b>    |                                    |             |             |             |             |             |                   |             |             |
| 1953                     | 26.7                               | 14.4        | 1.8         | 5.2         | 14.3        | 37.6        | 25.5              | 2.2         | 9.9         |
| 1989                     | 25.5                               | 12.7        | 2.0         | 5.7         | 16.6        | 37.5        | 24.9              | 2.2         | 10.4        |
| Difference               | <b>-1.2</b>                        | <b>-1.7</b> | <b>+0.2</b> | <b>+0.5</b> | <b>+2.3</b> | <b>-0.1</b> | <b>-0.6</b>       | <b>=0.0</b> | <b>+0.5</b> |
| <b>SP indust.</b>        |                                    |             |             |             |             |             |                   |             |             |
| 1953                     | 29.2                               | 11.9        | 0.7         | 3.7         | 25.0        | 29.5        | 19.2              | 2.0         | 8.3         |
| 1988                     | 21.9                               | 14.5        | 1.7         | 6.7         | 17.6        | 37.6        | 25.5              | 2.2         | 9.9         |
| Difference               | <b>-7.3</b>                        | <b>+2.6</b> | <b>+1.0</b> | <b>+3.0</b> | <b>-7.4</b> | <b>+8.1</b> | <b>+6.3</b>       | <b>+0.2</b> | <b>+1.6</b> |
| <b>SP Agric.</b>         |                                    |             |             |             |             |             |                   |             |             |
| 1953                     | 23.7                               | 13.5        | 1.6         | 6.1         | 7.4         | 47.7        | 29.5              | 3.1         | 15.1        |
| 1988                     | 22.3                               | 11.8        | 1.7         | 6.7         | 9.1         | 48.4        | 25.6              | 3.9         | 18.9        |
| Difference               | <b>-1.4</b>                        | <b>-1.7</b> | <b>+0.1</b> | <b>+0.6</b> | <b>+1.7</b> | <b>+0.7</b> | <b>-3.9</b>       | <b>+0.8</b> | <b>+3.8</b> |

Source: SGJ/90, p. 404

he statistics in Table 15 indicate that only Croatia has a minus sign for all basic indicators (population, employment and production). In comparison with Croatia, Kosovo and Macedonia do not have a single minus, Montenegro, Serbia and Central Serbia have one, Bosnia and Herzegovina three, and Slovenia and Vojvodina four.

Graph 5: Changes in shares of Yugoslav republics and provinces, 1953-1989



Source: SGJ/90, p. 404

The best and certainly the most qualified evaluation of Croatian economic policy and situation within Yugoslavia in the period 1945-1990 was probably given by academician J. Sirotković (1993, pp. 140-141):

*“The economic policy of former Yugoslavia was incompetent and utterly irresponsible. It was unilateral from the point of view of Republic interests, under the impact of Serbia and underdeveloped Republics. The final outcome of such a policy was a severe and long-lasting, dead-end crisis. The crisis deepened acutely at the end of the 1980’s when inflation reached its culmination, and production and all consumption categories, with the exception of public consumption, declined. The economic situation hit bottom in 1990 due to redistribution, still driven in favour of Serbia, the underdeveloped and the Federation. Scarcely any remaining accumulation in the more developed (more productive) economy was collected from production, but also from the population, to develop reserves and other needs primarily in extra-economic consumption. The monetary and credit system had a special role in the process. There was a sudden turning point in terms of unjustifiably high interest rates which favoured savings over entrepreneurial profit to such an extent that savings are less used for investments and more for reproduction in the capital market, finishing in unproductive consumption. Consequently, the economy was completely impoverished, whilst foreign currency savings of the population were transferred to foreign currency reserves, which were, to a large extent, spent. The final outcome of this policy was the total economic collapse of Yugoslavia. From the regional aspect, the entire Yugoslav economic policy affected Croatia to the greatest extent: less in the period of prosperity, but severely during the period of crisis, before the beginning of war destruction. It should be emphasised, however, that the economic*

capabilities in the Republic were marginal, but even within this framework, they did not utilise them. On the one hand, it was impossible, and on the other, the Republic and the federal doctrinal impediment was identical. In this respect mention can be made of the Republic Fund that provided resources for economically underdeveloped municipalities, and the Republic income and payroll distribution system. Different types of Republic impediment in the periods of prosperity and crisis primarily resulted from adequate business results of basic economic entities, depending on the varying levels of their independence in certain periods. Specifically, allocations for federal needs were relatively smaller in the period of prosperity, and consequently, the Republic economic position as a whole was jeopardised to a lesser extent. In addition, above-average Croatian development, a more favourable economic structure, a stronger export economy (especially tourism, marine and transport) provided greater market orientation, work productivity and investment efficiency. An orientation of this sort could only be stopped violently, which was eventually the case. It turns out that in the entire period of Former Yugoslavia from 1945 to 1990 Croatia had slower economic development than it could otherwise have had, owing to its material and human potential, not only due to the cascade of funds to Serbia and other Republics and the so-called general federal needs, but also due to total system performance, which was based on the lowest productivity and lowest efficiency criteria”.

## 5. Conclusion

Due to war conflicts in its territory over the past five centuries, Croatia suffered large demographic losses. The steady downward trend of natural population increase after 1954 was particularly disturbing, which turned into natural depopulation in the 1990's (a larger number of deaths than births).

The conflicts were assuredly one of the reasons for slow economic development in present day Croatia in the past. In the period 1500-2000 Croatia had only two shorter periods, or better to say episodes, in which it made an attempt to “catch up with” developed countries. These periods were 1870-1913, when GDP per capita grew 2.3 times and 1950-1980, when it grew by a factor of 4. This fact should be taken into consideration, reflected upon and used to draw lessons.

It could be said that the key factor that led to accelerated development, naturally with more favourable environmental factors (peace, industrial revolution, scientific and technological revolution), was the commitment to the development of a political elite. In these two periods, the political elite evidently knew what it wanted, that is, it knew how to determine Croatian economic interests and had the strength to promote them.

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