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Economic nationalism in socialist Yugoslavia: The Slovenian and Croatian responses to globalizing market forces in the 1970s

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Introduction

This chapter shows how globalizing market forces in the late 1960s and 1970s affected Yugoslavia's federal balance by focusing on the foreign economic relations of the Socialist Republics (SRs) of Slovenia and Croatia. Per se, Yugoslavia's SRs were part of a broader multinational federal framework. However, they were able to develop autonomous foreign economic policy initiatives which were sanctioned and sanctified by Yugoslavia's 'confederal' constitution of 1974, which endowed federal units a form of 'proto-statehood'.¹

Accordingly, the SRs of Slovenia and Croatia are optimal examples of small 'sub-state' or 'non-state' entities susceptible to external market pressures, stemming in particular from the neighbouring European Economic Community (EEC). What Ljubljana and Zagreb did develop was a 'liberal' variety of economic nationalism which started to develop in the late 1960s, targeting integration into the Western European market. In this chapter, I refer to economic nationalism as an economic agenda which encompassed a well-defined republican entity and which was pursued by republican authorities for the exclusive interest of their respective republican constituencies. As a strategy carried out within a federal framework, economic nationalism during the 1970s was not intended as a way to make the republics economically and politically independent, according to the 'classic' notion of economic nationalism in Central and Eastern Europe (based on protectionism and nation-building) in the twentieth century.² In the

case of the SRs of Croatia and Slovenia, the meaning of economic nationalism was radically different: it was based on the goal of republican autonomy within a federal setting and on the opening of republican markets to international partners. By doing so, this chapter follows Adrian Brisku's argument about the multiple historical varieties of economic nationalism – well beyond the simple reading of it as a defensive/protectionist practice – and the link between economic nationalism and national-economic building.

This chapter considers in particular the joint attitude of Ljubljana and Zagreb towards the federal centre rather than the internal deliberation within each republican leadership. It is based on primary sources from the *Arhiv Jugoslavije* in Belgrade, in particular the correspondence between the republican institutions of the SR of Slovenia and the SR of Croatia (economic secretariats and local chambers of commerce) and the Federal Secretariat for External Trade (*Savezni Sekretarijat za Spoljnu Trgovinu*, SSST) in Belgrade. These papers reveal the efforts by the SRs of Slovenia and Croatia to face economic globalization through trade liberalization by, at the same time, reinforcing their republican autonomy. In terms of context, this study does not argue that the republican leaderships of Slovenia and Croatia had overlapping economic agendas: business, trade and investment plans abroad did not stem from joint planning.³ Nor does it suggest that the two republics were unique examples of trade and investment initiatives with foreign partners stemming from republican frameworks.⁴ However, this chapter emphasizes that coordination was developed between the two republics to address the question of autonomy from the federal centre and, at the same time, integration with the Western European market.

All in all, far from offering a 'teleological' narrative of Yugoslavia's history, this chapter suggests that Yugoslavia's increasing integration in the global economy of the 1970s offered new room for its northern republics to turn internationalization, economic liberalization and globalization into a tool to shape republican economic agendas. In concluding this, it does not offer any 'revisionist' account on Yugoslavia's internal dynamics, yet offers archive-based evidence on the nexus between economic and national questions and leaves the ground open for future research concerning trans-regional networks in the Adriatic-Danube region.⁵

The national question in Yugoslavia and the economy

The notion of economic nationalism is strictly linked to the broader 'national question' in Yugoslavia. The rise of this question has been largely treated by

historians, who have highlighted the controversial relationship between the socialist project of a multinational Yugoslavia and the self-determination rights of its constituent nationalities. In particular, historians have emphasized that the establishment of socialist Yugoslavia in 1945, as a federal state made up of six republics (Slovenia, Croatia, Serbia, Bosnia-Herzegovina, Montenegro, Macedonia) and two autonomous provinces (Vojvodina and Kosovo), did not solve the management of nationality affairs. What would be the place of the single nation/people (*narodi*) in the new federal system? What would be the relationship/coincidence between the *narodi* and the *republike* envisaged by Yugoslavia's first constitution of 1946? Would a new 'Yugoslav' national identity emerge, overcoming the existing nationalities? What attitude would the socialist leadership take vis-à-vis the national question, in both ideological and pragmatic terms? Scholarly agreement exists about the centrality of these 'national' conundrums in the evolution of socialist Yugoslavia. While this is not the place to consider them individually, it is possible to identify a periodization about the 'national question' on the basis of the existing literature.⁶

After a first phase characterized by Soviet-style party centralism which lasted until the Tito-Stalin split (June 1948), the 1950s were marked by the attempt of Yugoslavia's ruling party – the League of Communists of Yugoslavia (LCY) – to launch a soft Yugoslav nation-building process through 'cultural, linguistic, economic, legislative and political reforms'.⁷ In this process, which was paralleled by the introduction of the self-management system, two alternative views emerged within the LCY: one privileging republican autonomy (mainly espoused by Yugoslavia's leading ideologue, the Slovenian Edvard Kardelj) and one favouring centralism (mainly sponsored by Serbian Aleksandar Ranković).⁸ In the mid-1960s, Kardelj's line would prevail, favoured by a parallel process of market-oriented (so-called 'liberal') reforms which rejected socialist 'Yugoslavism' as a project that 'denied individual republics the right to play a significant role'.⁹ As noted by Tomaž Ivešić, the abandonment of 'Yugoslavism' was 'a starting point for the national rebirth of Croats, Montenegrins, Muslims, and Slovenes'.¹⁰ The 'liberal' period lasted between the mid-1960s and the early 1970s. It coincided with a major process of constitutional amendments and reforms which, between 1967 and 1971, gradually turned Yugoslavia into a confederal state, based on increasing devolution of economic powers to the republics. This trend would reach its apex in the early 1970s during the 'Croatian spring', a mass movement that publicly rediscovered the question of Croatian national identity. The 'Croatian spring' would be harshly suppressed by the LCY leadership, although the purges against the so-called liberals across Yugoslavia

between 1971 and 1972 would not mean a revival of 'Yugoslavism' as a state ideology. On the contrary, the decentralization process continued and would be sanctified by Yugoslavia's 1974 constitution, which made the federation an 'empty shell' and made decision-making at the federal level dependent on intra-republican consensus.¹¹ According to Hilde Katerine Haug, the aim of this decentralization process was that of granting widespread autonomy to each constituent party of the federation, in order to dispel fears of 'centralization' and harmonize intra-republican and provincial relations on the basis of the socialist model of self-management.¹² The 1974 constitution would even enhance the 'national question', spurring the recriminations of the Serb republican leadership against the quasi-republican status of its 'autonomous provinces' and, consequently, the counter attitude of the northern republics (particularly Slovenia). What the historiography on the national question in Yugoslavia has emphasized is therefore the gradual identification of republics (in territorial terms) and Yugoslavia's constituent nations. The constitutional reforms of the 1970s crystallized Yugoslavia as a state without a 'Yugoslav' nation, or alternatively, a multinational state with competing national agendas.

The economic side of the 'national question' has also been addressed by political scientists and historians, who have mainly focused on the internal disparities within the federation – between the 'developed' North and the 'underdeveloped' South – and on recriminations by republican leaderships about the allocation of financial resources for development programmes and infrastructural planning.¹³ Instead, the international 'implications' of the national question in Yugoslavia have been less considered by historians. Indeed, international historians have mainly emphasized the role played by Yugoslavia in the Cold War global framework, as a pillar of Western containment policies against the Soviet Union after the split between Josip Broz 'Tito' and the Soviet leader Josip Stalin,¹⁴ and as a leading actor of the Non-Aligned Movement (which was officially established in Belgrade in 1961).¹⁵ These studies tend to offer a portrait of Yugoslavia as a unitary actor, thereby diminishing the 'national' question and its consequences in terms of republican autonomy in international affairs. Only recently have historians addressed the question of the para-diplomatic activities of the Yugoslav republics in order to understand how the national question affected Yugoslavia's foreign policy: crucial in this regard are the studies by Borut Klabjan¹⁶ and Jure Ramšak¹⁷ on the external economic activities of the SR of Slovenia. They have pointed out that the 1974 constitution had deep consequences on the development of a foreign – or rather 'regional' – para-diplomatic activity by Ljubljana towards the bordering countries. One of

the most important results of this activity was the establishment of the 'Alps-Adriatic Working Community' in 1978 between the SR of Slovenia and Croatia, the Italian regions of Veneto and Friuli-Venezia Giulia, and the Austrian federal states of Carinthia, Styria and Upper Austria. Both Klabjan and Ramšak mainly focused on the genesis of Slovenia's embryonic 'diplomatic' organization during the 1970s and on the relationship between Ljubljana and the federal centre, showing that until the late 1980s there was not a patent competition between the two levels, and that republican interest and federal ones often coincided. The following sections aim to contribute to this strand of historiography in order to emphasize the nexus between the national question and the emergence of republican foreign policy interests. In doing this, this study also deals with recent literature on 'small nations' in the international system, in that it addresses the reaction of Yugoslav republics towards global economic trends, and their search for 'equal partners' among regional actors in both Italy and Austria.¹⁸

Yugoslavia's 'liberal' turn of 1965: International and domestic dimensions

The mid-1960s marked the development of autonomous republican economic agendas by the SRs of Slovenia and Croatia. This was the consequence of an ambitious liberalization programme in the economic sphere adopted by the LCY leadership in December 1964. The goal was that of accelerating the country's integration in the international market. This process was linked to the dynamics of regional integration taking place in both European blocs and, at the same time, to a decade-old internal debate within the LCY between the advocates of centralization and decentralization.¹⁹ As for the process of regional integration in Western Europe, the Yugoslav leadership was keen to maintain and foster commercial and economic ties with the booming economies of the six founding members of the EEC, namely the Federal Republic of Germany, France, Italy and the Benelux countries.²⁰ Domestic motivations added to international ones. They were linked to the rapid transformation of Yugoslavia's economy since the early 1950s. This transformation was connected, since its outset, to the country's gradual integration in the international economy, which the 1964–5 'turn' intended to accelerate. What was needed was access to Western technology and hard currency to modernize Yugoslavia's industrial sector, which had been developing since the mid-1950s to the expenses of the agricultural one. This

industrial 'modernization' also served political goals.²¹ As in the countries of the neighbouring socialist camp, modernization was a synonym of stability in a period when consumerism and the attraction of Western models was growing steadily.²² Yugoslavia was particularly exposed to such 'Western' attraction, which was fostered by its Western counterparts, including the United States and its Western European neighbours.²³

However, the 'stabilization' dimension of the post-1965 reforms had, since the beginning, a collateral effect. Indeed, post-1965 economic and monetary reforms were followed by the adoption of several constitutional amendments between 1967 and 1971 which encouraged the decentralization of the economic system. In this process, republican authorities – that is, the economic secretariats and chambers of commerce of the individual republics – were increasingly seen by the management of local enterprises as their main reference points.²⁴ This trend concerned in particular the SR of Slovenia and Croatia. There is archival evidence that the late 1960s were marked by increasing requests by republican authorities to enhance their autonomy in the field of foreign trade, to favour the economic enterprises located in their territories. Indeed, the enterprises of the two SRs of Slovenia and Croatia were those to be most exposed to international competition. In particular, their economic activities were closely linked to the Italian and Austrian markets. The latter were, at the same time, import and export markets. They were sources of technology, goods, know-how, credits which needed, in turn, the development of exports to gain hard currency. This was a unique case of privileged relationship with Western partners which the other Yugoslav republics lacked due to geographical reasons. It must be noted that Ljubljana and Zagreb were able to exploit a favourable trend of diplomatic relations between Belgrade, Rome and Vienna which, starting from the mid-1950s, had created an innovative convergence between a socialist yet non-aligned country (Yugoslavia), a member of the Atlantic Alliance and the EEC (Italy) and a neutral country and member of the European Free Trade Association (Austria).²⁵

It was this very geographical proximity which offered the authorities of the two republics the occasion for confronting the federal authorities – in particular, the SSST – and also raising the question of republican interests at the federal level. In particular, a specific republican agenda emerged vis-à-vis the question of border trade between Yugoslavia and Italy.²⁶ This border region had been a matter of international contention after the end of the Second World War, with Belgrade and Rome claiming the city of Trieste and its border region. The original plan envisaged by the 1947 Peace Treaty with Italy to create a 'Free

Territory of Trieste' under UN administration was never implemented due to Cold War reasons, and a de facto solution was only reached in 1954, when the London Memorandum of Understanding divided the 'Free Territory of Trieste' in two zones, A and B, under the respective administration (but not sovereignty) of Italy and Yugoslavia. The two countries aimed to put political questions aside in order to develop economic cooperation, which was needed by Belgrade to face economic isolation from the Soviet bloc, and by Italy to expand economic relations towards the Balkan region and, at the same time, secure the stability of its eastern border. In this context, cross-border provisions were concluded in the mid-1950s, which provided for duty-free transit of selected goods between enterprises located in the border zones in order to favour the economic integration between zones A and B.²⁷

Gradually, for both the SR of Slovenia and Croatia, the border with Italy emerged as the main gateway to the EEC.²⁸ Enterprises and chambers of commerce were particularly interested in the development of industrial cooperation with Italy in the border area near the city of Trieste, which would allow enterprises operating in this area to have free duties access into Italy and, consequently, into the Common Market. To do so, they also aimed at expanding the provisions of the 1962 Alpe Adria agreement which provided for the circulation of goods for the organization of joint industrial fairs in the border regions with Italy and Austria.²⁹

The 'shock of the global' and its aftermath in Yugoslavia

The integration of Slovenian and Croatian enterprises in the Western European market was even exacerbated by the end of the *Trente Glorieuses* and the 'shock of the global' of the early 1970s.³⁰ This period was marked by stagflation of Western European economies, which was spurred by the collapse of the post-war monetary system in 1971 and the ensuing 'oil shock' of 1973. These dynamics had huge consequences in Yugoslavia, which suffered from the rise of oil prices and, at the same time, the crisis of economic growth of its Western European partners.³¹

Indeed, in the aftermath of the monetary, financial and energy shocks of the early 1970s, Yugoslavia's dependence on the global economy even strengthened. Foreign credits, goods and technology to foster internal investments were needed to face the consequences of economic recession in Western Europe. In this context, republican economic agendas starkly developed to face these

external shocks. Republican autonomy was encouraged by a set of constitutional amendments adopted in 1971, which gradually shifted decision-making in international economic matters from the federal government (Federal Executive Council) to the republics, whose 'statehood' was also affirmed. Indeed, amendment XX, 3 stated that

the republics are *states* based on the *sovereignty of the people* and on the power of and self-management by the working class and all working people, and are socialist, self-managing democratic communities of the working people and citizens, and of nations and nationalities having equal rights.³²

On the basis of this provision, which reflected Kardelj's attempt at solving the national question by institutionalizing a mechanism to prevent disagreement in federal decision-making,³³ the representatives of the SRs of Slovenia and Croatia expanded their regional networks with 'equal' sub-national partners beyond the borders with Italy and Austria. Indeed, throughout 1972 Ljubljana and Zagreb reinforced direct links with regional authorities in Italy to develop alternative channels of economic diplomacy which bypassed federal authorities. For instance, this was the case of initiatives taken by Milan Zjalić (vice-president of the Executive Council of the SR of Croatia) to establish direct relations with the president of the Lombardy region, Piero Bassetti, in order to plan a system of water channels linking Italy and Croatia, thereby favouring economic integration between Southern France (Marseille), Northern Italy (Genoa and Trieste), Slovenia and Croatia (Rijeka and Koper) to face the competition of Northern European harbours.³⁴ Direct relations were also established between representatives of the Executive Councils of Slovenia and Croatia and the representatives of the Friuli-Venezia Giulia region, for instance within the framework of the Trieste international fair held in January 1972.³⁵ At the same time, a detailed plan to develop water transports in the Danube river was drafted by a joint consortium named *Gruppo di studio italo-sloveno* (Italian-Slovenian Study Group) which involved Slovenian republican authorities (including the chamber of commerce of Slovenia and the Republican Secretariat for urban planning) and the Italian *Consorzio per l'Idrovia Litoranea Veneta* (Consortium for the Venetian coastal waterway) based in the city of Treviso.³⁶ A report drafted by the Executive Council of the SR of Slovenia in July 1972 noted that the project of a waterway linking the Danube river to the Adriatic Sea through Vukovar, Šamac, Zagreb, Ljubljana, Vipava and the Soča/Isonzo river was considered a long-term development goal of Slovenia, in order to link Slovenia to European and Yugoslav waterways.³⁷

What is interesting about these joint initiatives involving Italy's northeast (Lombardy and Veneto) is that they coincided with the establishment of Italian regions with proper regional governments in 1970. While Friuli-Venezia Giulia, a 'special statute' region, had already been established in 1963 – soon developing 'regional' contacts with the neighbouring Yugoslav republics – the institutionalization of Italian regions led to an unprecedented phenomenon of regional diplomacy in Italy, a subject which still has to be systematically researched by historians. Regional actors in this border zone also included Austria's *Länder*, originating an unprecedented transnational regional network among sub-national entities belonging to different states, organizations, international alignments, and yet being able to develop autonomous economic initiatives.³⁸

Also, it must be noted that the trend of trans-regional cooperation resisted the reaction of the orthodox leadership of the LCY against 'bureaucratic' and 'managerial' forces which were accused of corrupting the socialist nature of Yugoslavia, challenging the party leadership and also unleashing republican nationalisms. As noted above, between late 1971 and 1972 the tension between the party echelons and the republican leaderships had led to a purge of 'liberals', mostly involving the very elites which had promoted the process of economic reform in Slovenia, Croatia, Serbia and Montenegro.³⁹

However, this did not mean the end of republican economic agendas. The purges were intended to strengthen the political role of the LCY, but – again under the impulse of Kardelj – they did not question the republican status set by the 1971 constitutional amendments. Between 1973 and 1974, the SRs of Slovenia and Croatia continued to develop republican initiatives in the field of international economic relations, which were promoted by joint efforts by the chambers of commerce of the two republics to foster cross-border commerce with Italy.⁴⁰ Representatives of both republics urged the SSST to speed up the process of negotiations with Austria and Italy in order to enlarge the scope of the Alpe Adria and the existing border trade arrangements.⁴¹ In doing so, they reflected the bottom-up requests coming from enterprises and small businesses which since the 1960s had developed transnational connections in the fields of textile production, automation, the chemical and pharmaceutical industry, etc.⁴² These enterprise included Centromerkur, Elektrotehna, Kemija-Impex, Contal, Jugotekstil, Slovenija-Avto, Metalka, Slovenija-Sadje, Prehrana (based in Ljubljana); Adriacommerce (Koper); Jadran (Sežana); Primorje-Export (Nova Gorica); Toko (Domžale); Intercommerce (Umag); Kemikalija, Textil, Vajda Koopexport, Voće (Zagreb). The aim was to overcome what Milan Šamec (a

member of the Executive Council of the SR of Croatia) defined, during a meeting with Federal and Croatian authorities which took place in Zagreb in March 1973, as an 'artificial border' dividing the economic zone around the Trieste area.⁴³

Similar calls to overcome the 'unnatural' border were made by the Executive Council of Slovenia the year before.⁴⁴ Crucial in their strategy was the aim to contain the impact of Western European integration in their economic sectors, to avoid isolation and favour integration and joint production initiatives. In other words, this was a 'survival' strategy in an unstable international economic framework. In this context, the SRs of Slovenia and Croatia were blamed to pursue anti-federal agendas which isolated Yugoslavia's central and southern republics – in primis Serbia, Montenegro and North Macedonia – as mere sources of raw materials and labour for the richer 'North'. This was in particular the position of the Federal Secretariat for the economy, which in February 1973 sent a report to the SSST about the unfair regime favouring over sixty Slovenian and Croatian enterprises which were granted facilitated access to the Common Market via Italy through existing border arrangements.⁴⁵ The report noted that special trade provisions established in the 1950s were now 'anachronistic'. As noted above, they were established in very different economic and political circumstances, in order to preserve the economic unity between zones A and B. Now they were creating, instead of solving, regional imbalances. This was an explicit criticism towards the 'para-diplomatic' activities of the SRs of Slovenia and Croatia which seemed to privilege the Western European market and to disrupt the Yugoslav one.

Economic decentralization and the federal demise

This dynamic was confirmed after 1974, when the adoption of a new constitution even increased the autonomy of republican economic interests vis-à-vis the federal centre.⁴⁶ The new constitution confirmed the republics as state entities; no sovereignty was instead designated with the Yugoslav state itself.⁴⁷ The 'regional' interests of the SRs of Slovenia and Croatia continued to consolidate in this context and they reinforced each other. Two examples of republican initiatives involving the field of international economic relations can be mentioned. First, the signing of the Osimo Treaty with Italy in November 1975, which definitively solved the border question by confirming de jure the provisions of the above-mentioned 1954 Memorandum of Understanding. The Osimo Treaty was primarily negotiated by Slovenian Boris Šnuderl, a former member of

Yugoslavia's government (Federal Executive Council) with deep links with the Slovenian business and banking communities.⁴⁸ Second, the signing in 1978 of the above-mentioned 'Working Community of States and Regions of the Eastern Alpine Regions' showed the expansion of the regional dimension of cooperation in the Danube area which overcame the Italian-Yugoslav framework and left autonomy to republican centres: it covered areas such as trans-Alpine traffic links, port traffic, generation of energy, agriculture, forestry, water management, tourism, etc.⁴⁹ Both initiatives responded to precise foreign economic agendas which had to face the integration of the industrial sectors of the two republics in the Western European market and beyond. In particular, the Treaty of Osimo envisaged the creation of a free industrial zone across the two countries – the first ever connecting the EEC with a non-member state – allowing for the free circulation of the products of this zone within the Common Market.⁵⁰

The question of autonomy also concerned the difficult implementation of a Yugoslav common policy of economic development due to intra-republican economic competition⁵¹ and, linked to that, the lack of federal coordination in the attraction of Western financial credits towards the federal republics.⁵² This had huge consequences for the unity of the Yugoslav market, as the president of the Federal Executive Council, the Montenegrin Veselin Djuranović, openly denounced during a Federal Executive Council meeting on 8 March 1979.⁵³

However, it must be noted that, despite criticism coming from the Secretariat for the economy, the 'liberalization' agenda of the Northern republics was not hampered by the SSST or the Foreign Affairs Federal Secretariat (*Saveznom sekretarijatu za inostrane poslove*, SSIP). In official relations with third parties, including the EEC and its member states, SSST and SSIP representatives confirmed their willingness to enhance its integration in the Western European economic system.⁵⁴ This was, to a great extent, the consequence of the agency of its republican constituencies which impacted on, and shaped, federal stances: in other words, there was not a competition between the federal centre and the northern republics. Rather, the question was about the lack of a federal centre: by the end of the decade, intra-federal coordination in the field of foreign economic relations proved extremely hard, endangering the foreign trade balance and the growing spiral of foreign indebtedness in the late 1970s.⁵⁵ This also questioned the unity of the federation as a single creditor vis-à-vis Western commercial banks.⁵⁶

The republican search for autonomy did not mean, however, a call for political independence or secession. The 'Yugoslav framework' was used by republican authorities themselves to achieve their economic interests, as shown, for instance,

by the prominent role played by republican authorities of Slovenia and Croatia during the negotiations for the 1980 Cooperation agreement between the EEC and Yugoslavia in April 1980. This agreement also served the political interests of Yugoslavia 'as a whole', due to its significance in terms of continuous economic and financial support by their Western European partners which aimed to preserve Yugoslavia as a stable, united and independent federation.⁵⁷ As shown by Ramšak, similar instances of republican initiatives drawing on Yugoslavia's prominent role in the Non-Aligned Movement concerned economic/financial initiatives by enterprises and republican banks, in particular *Ljubljanska Banka*, in countries such as Iran, Egypt, Algeria, India, Kenia, Central African Republic, Venezuela and Colombia.⁵⁸

Things would only change in the late 1980s and early 1990s, when economic nationalism turned into political nationalism in a radically altered internal and international environment. It must be noted, however, that republican economic agendas had fostered the 'European' self-perception of Ljubljana and Zagreb and created a solid network of regional relations which would prove crucial to include Slovenia and Croatia in the architecture of the 'new Europe' after the fall of the Berlin Wall. Indeed, Slovenia's and Croatia's partners in the Alpe Adria framework would stand as open supporters in the process of independence between 1990 and 1991.⁵⁹

Conclusion

By the end of the 1970s, the integration of Yugoslavia in the international economy meant the early crisis of the federal government and the emergence of republican economic interests. This economic process started to develop in the mid-1960s. The 1965 'liberal turn' was a response to the liberalization of trade which took place in Western Europe. The development of economic relations between Yugoslav, Italian and Austrian enterprises indeed favoured enterprises in Yugoslavia's northern republics. This generated republican interests which, in the long term, led to the emergence of republican economic strategies. This encroached with the rise of the national question in Yugoslavia and the confederal reform of the constitution in the early 1970s. In the long term, this led to a sort of economic nationalism on the part of the republican leaderships which would haemorrhage federal finances. The members of the Federal Executive Council recognized this threat, but Yugoslavia's decentralized economic system created a solid link between enterprises and republican

authorities. De facto, the SRs of Slovenia and Croatia were non-state actors which developed embryonic national agendas in the economic realm: these agendas were exclusive and corresponded to the republican borders. For them, liberalization of international trade and integration in the broader process of Western European integration were meant to reinforce autonomy towards the federal centre – which was gradually disbanded – and craft a ‘Western European’ economic identity. Recurring references to the ‘artificial’ border with Italy and the economic homogeneity with the North Italian and Austrian regions bear witness to this process.

In conclusion, the Yugoslav response to the challenge of economic integration with Western Europe was built on an unsustainable commercial balance which was fostered by republican economic agendas. This exposed Yugoslavia to the debt crisis of the 1980s: a trend which had been forecast within the Federal Executive Council in the late 1970s but which the lack of federal power was unable to prevent. This greatly reduced the possibility of an effective policy response to the second oil shock of 1979 and the harsh economic environment that followed it. It also led to the gradual disintegration of Yugoslavia’s internal market.⁶⁰

An additional conclusion of this chapter concerns the evolution of Yugoslav northern republics according to the paradigm of ‘smallness’. Although no explicit reference to ‘smallness’ emerges from the documentation under scrutiny, from the analysis above it is possible to infer that republican authorities in both the SRs of Slovenia and Croatia were fully aware of their sub-national status within the federal framework, and until the late 1980s questions about international sovereignty were not considered. However, the focus on the economic domain was clearly leaving political questions to the proper sphere of ‘Yugoslav’ foreign policy, which republican authorities used in order to achieve their preferences. By acting as regional actors, Ljubljana and Zagreb were also able to take advantage from the parallel process of regionalization in Northern Italy during the 1970s and Austria’s federal arrangement. The self-perception of republican leaderships as representatives of regional/‘small’ states made the search for broader regional frameworks consequential. In this regard, the move from Yugoslavia towards the European Union and the North Atlantic Treaty Organization can be interpreted as a post-Yugoslav ‘compensation of weakness’⁶¹ through the inclusion in larger political-economic and military structures.

Following the interpretation suggested by Brisku,⁶² the variety of economic nationalism described in this chapter is one of ‘liberal’ and ‘progressive’ opening to the Western European market – as it was based on enhanced competition

and cooperation. Yet, at the same time, this opening was meant as a 'protection' against globalizing market forces.

Notes

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- 1 Dragović-Soso, 'Yugoslavia's Political Endgame', 482.
- 2 Berend, 'Economic Nationalism in Historical Perspective'. For a historiographical review on the concept(s) of 'economic nationalism', see Adrian Brisku's chapter in this volume.
- 3 As recent research has shown, since the mid-1960s decision-making in the business sector rather depended on a combination of market policies and self-management prescriptions. See Vejagić, 'Persistent Centralisation'.
- 4 Papović, 'Cold War Diplomacy'.
- 5 In this regard see, for instance, Ruzicic-Kessler 'The Path to Interregional Cooperation in Cold War Europe'.
- 6 On the evolution of the national question in Socialist Yugoslavia, see Haug, *Creating a Socialist Yugoslavia*; Budding, 'Nation/People/Republic: Self-Determination in Socialist Yugoslavia'; Ivešić, 'The Yugoslav National Idea'; Brunnbauer and Grandits, *The Ambiguous Nation*; Abram, 'Integrating Rijeka'.
- 7 In this regard, see Ivešić, 'The Yugoslav National Idea'.
- 8 On the divergent positions of Yugoslav intellectuals around the national question, see Cosovschi, 'Between the Nation and Socialism in Yugoslavia'.
- 9 Haug, *Creating a Socialist Yugoslavia*, 163.
- 10 Ivešić, 'The Yugoslav National Idea', 156.
- 11 Jović, *Yugoslavia: A State That Withered Away*, 95–140; Pavlowitch, 'Yugoslavia: Internal Problems and International Role', 84.
- 12 Haug, *Creating a Socialist Yugoslavia*, 374.
- 13 On economic history and political science studies using the notion of 'economic nationalism' in the context of Socialist Yugoslavia, see, for example, Dallago and Uvalić, 'The Distributive Consequences of Nationalism'; Todorovic, 'Regional

- Economic Nationalism in the Former Yugoslavia'; Lazarević, 'Disparities and Economic Nationhood in Yugoslavia'. Historians of socialist Yugoslavia have also used the term 'economic nationalism' when addressing Slovenian and Croatian economic policies in the 1980s. See for instance Jović, *Yugoslavia: A State That Withered Away*, 17. On the connection between economic reforms and the national question in Yugoslavia, see Jakir, 'The Economic Trigger'.
- 14 Lees, *Keeping Tito Afloat*; Heuser, *Western 'Containment' Policies in the Cold War*.
 - 15 Jakovina, *Treća Strana Hladnog Rata*.
 - 16 Klabjan, "'Transnacionalne politike, nacionalna diplomacija'?"
 - 17 Ramšak, "'Socialistična" gospodarska diplomacija'.
 - 18 For a recent account on the question of 'size' in international relations, see Kruizinga, *The Politics of Smallness in Modern Europe*.
 - 19 See Unkovski-Korica, *The Economic Struggle for Power in Tito's Yugoslavia*.
 - 20 Obadić, 'A Troubled Relationship'.
 - 21 Zaccaria, 'From Liberalism to Under-Development'.
 - 22 Romero, 'Socialism between Détente and Globalization'.
 - 23 Zaccaria, 'From Liberalism to Under-Development'.
 - 24 Arhiv Jugoslavije, Belgrade (Archives of Yugoslavia, AJ), Fond 751, Pov. 2757, F 154, Socialistična republika Slovenija, Republiški sekretarijat za gospodarstvo, 12 February 1968, Analiza regionalnih in sejamskih sporazumov v pogojih novega deviznega režima, 12 February 1968.
 - 25 Ruzicic-Kessler, 'The Path to Interregional Cooperation'.
 - 26 AJ, 751, Pov. 2953, F 277, Državni Sekretarijat za Inostrane Poslove, Poziv na sastanak, Pitanje izmena u sastavu i delokrugu rada mešovite jugoslovensko-austrijske i stalne jugoslovensko-italijanske mešovite komisije za pogranični promet lica, Belgrade, 13 January 1968.
 - 27 Ruzicic-Kessler, 'Italy and Yugoslavia'.
 - 28 AJ, 751, Pov. 2953, F 277, Gospodarska Zbornica SR Slovenije Savezni sekretarijat za spoljnu trgovinu, 22 December 1969.
 - 29 AJ, Fond 751, File 416, SSST, br. 02–322, Belgrade, 12 February 1970.
 - 30 Ferguson et al. (eds), *The Shock of the Global*.
 - 31 Calic, 'The Beginning of the End'.
 - 32 Quoted in Haug, *Creating a Socialist Yugoslavia*, 205. Haug also shows the difference with articles 1 and 2 of the 1963 constitution, which read:

1. The socialist Federal Republic of Yugoslavia is a federal state of voluntarily united and equal peoples and a socialist democratic community based on the powers of the working people and on self-government. 2. The Socialist Federal Republic of Yugoslavia comprises the Socialist Republics of Bosnia and Herzegovina, Croatia, Macedonia, Montenegro, Serbia and Slovenia. The

territory of the Socialist Federal Republic of Yugoslavia is unified, consisting of the territories of the socialist republics.

- 33 Haug, *Creating a Socialist Yugoslavia*, 208–9.
- 34 AJ, 751, F 826, Savezni sekretarijat za spoljnu trgovinu, Beleška o razgovoru M. Hadžića, saveznog sekretara za spoljnu trgovinu sa G. Maccotta, ambasadorom Italije i g. Battistini, novim ekonomskim savetnikom Ambasade Italije, 17 April 1973.
- 35 AJ, 751, F 687, 1972, Generalni Konzulat u Trstu, Socialističke Federativne Republike Jugoslavije, Informacija o otvaranju 24 Međunarodnog sajma u Trstu i Jugoslovenskom danu na istom, undated but February 1972.
- 36 AJ, 751, F 687, Skupščina Socialistične Republike Slovenije, Izvršni Svet Zvezni Izvršni Svet, Beograd, undated but September 1972.
- 37 AJ, 751, F 687, 1972, Skupščina Socialistične Republike Slovenije, Izvršni Svet, Številka: 90-pov. 264/67, Ljubljana, 31 July 1972.
- 38 Among the studies on this subject, see Ruzicic-Kessler, 'The Path to Interregional Cooperation'; Klabjan, "‘Transnacionalne politike, nacionalna diplomacija?’".
- 39 Lampe, *Yugoslavia as History*, 299–302; Ramet, *The Three Yugoslavias*, 227–63.
- 40 AJ, 751, 1973, F 826, Privredna Komora SR Hrvatske, Odbor za sajemske sporazume, Savezni Sekretarijat za spoljnu trgovinu. Predmet: Dostava Bilješki sa sastanka dne 20 March 1973 u Zagrebu – malogranični promet s Italijom – Sajamski sporazumi za 1973. Godinu, Zagreb, 30 March 1973.
- 41 AJ, 751, 1973, F 826, Privredna Komora Socijalističke Republike Hrvatske, Zagreb, Savezni Sekretarijat za Spoljnu Trgovinu, Predmet: Prijedlog za sastanak Mješovite radne grupe, Zagreb, 30.5.1973; Ibid., Savezni Sekretarijat za Spoljnu Trgovinu, pov. br. 02-2241/1, Beleška o rezultatima sastanaka u vezi sa problematikom pogranične razmene sa Italijom održanim u Privrednoj komori SR Slovenije 13. i 14 November 1973. godine.
- 42 See AJ, 751, F 154, 1968, Gospodarska Zbornica SR Slovenije, Služba za tržište, Pov. 17/1-68-03 B/D, 29 March 1968.
- 43 AJ, 751, 1973, F 826, Privredna Komora SR Hrvatske, Odbor za sajemske sporazume, Savezni Sekretarijat za spoljnu trgovinu. Predmet: Dostava Bilješki sa sastanka dne 20 March 1973 u Zagrebu – malogranični promet s Italijom – Sajamski sporazumi za 1973. Godinu, Zagreb, 30 March 1973.
- 44 AJ, 751, F 687, Skupščina SR Slovenije, Izvršni Svet, Urad za zunanje zadeve, Stevilka: 90-pov. 1/64, Ljubljana, 21 January 1972, Zadeva: SFRJ-Italija, Novo besedilo videnskoga sporazuma o obmejnem prometu OSEB.
- 45 AJ, 751, F 776, 1973, Savezni Sekretarijat za Privredu, Stavovi o institutu malograničnog i susedskog prekomorskog prometa, Strogo Poverljivo, undated but January 1973.
- 46 See Adamović, 'The Foreign Trade System of Yugoslavia'.

- 47 Haug, *Creating a Socialist Yugoslavia*, 292. As reported by Haug, Art. 3 of the 1974 constitution stated that: 'The socialist republics are states based on the sovereignty of the people and the power of and self-management by the working class and all working people. They are socialist, self-managing democratic communities of working people and citizens and of nations and nationalities having equal rights.'
- 48 Zaccaria, 'Yugoslavia, Italy, and European integration'; Škorianec, *Osimska pogajanja*.
- 49 Ruzicic-Kessler, 'The Path to Interregional Cooperation', 201.
- 50 Zaccaria, *La strada per Osimo*, 123–7.
- 51 See, for instance, AJ, KPR-II-5-C-2/317, Kabinet Predsednika Republike, Informacija o radu na unapredjenju medjurepubličke saradnje u sprovođenju Rezolucije o ekonomskoj politici u 1975- godini, Beograd, 13 February 1975.
- 52 AJ, Fond 130, File 4211, Stenographic notes of the 63rd meeting of the SIV, 19 March 1979.
- 53 AJ, Fond 130, File 4211, Stenographic notes of the 61st meeting of the SIV, 8 March 1979.
- 54 Zaccaria, *The EEC's Yugoslav Policy in Cold War Europe, 1968–1980*, 129–69.
- 55 Dyker, *Yugoslavia: Socialism, Development and Debt*.
- 56 I refer to Emanuele Parrillo's doctoral research which is currently ongoing at the University of Nottingham: 'Whitehall, the Clearers and British financial diplomacy towards Yugoslavia. 1979–1983'.
- 57 Zaccaria, 'From Liberalism to Underdevelopment'.
- 58 Ramšak, "'Socialistična" gospodarska diplomacija'. On Slovenia's 'commercial diplomacy' after 1974 see also Udovič and Jačimović, 'Osamosvojitev držav in 'pozaba' zgodovinskih dosežkov'.
- 59 Klabjan, "'Transnacionalne politike, nacionalna diplomacija?'".
- 60 Estrin, 'Yugoslavia: The Case of Self-Managing Market Socialism'.
- 61 I borrowed this expression from the chapter by Kruizinga and Gram-Skjoldager, 'Conclusion', 207. It refers to the chapter by Adrian Brisku in the same volume (Brisku, 'Dealing with Smallness in Habsburg Bohemia, Ottoman Albania and Tsarist Georgia in the late-19th and early-20th century'), which deals with the development and consolidation of national identities and sub-state entities within imperial settings.
- 62 See Adrian Brisku's chapter in this volume.

