

the opposition the proposal met in Congress. Had the Soviet block come forward as eager recipients, had Moscow not recalled Czechoslovakia's initial expression of interest, would the Plan have passed? Would, for example, Polish-American voters have tolerated aid to a Russian dominated Poland? Indeed, without what was seen as a clear Soviet threat to Western Europe would the United States have been so generous?

Readers interested in European conditions immediately after the Second World War will find this book worth reading and certainly well written but its contribution to an understanding of the Marshall Plan appears limited.

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John H. Moore, *Growth With Self-Management: Yugoslav Industrialization, 1952-1975*. Stanford, California: Hoover Institution Press, 1980. Pp. xiii — 334. ISBN: 0-8179-7201-3.

The theory of decentralized socialism became the center of the "socialist controversy" in the 1930s. Although the number of participants was very large, the names of two antagonists, Oskar Lange and Friedrich Hayek, came to be associated with the controversy of whether the marginal conditions of efficient resource allocation are compatible with socialism. Since there was no empirical prototype of market (or decentralized) socialism, the debate remained an intellectual exercise whose main claims could not be tested empirically. The schism between Stalin and Tito in 1948 compelled the Yugoslavs to find an alternative form of social organization and create a distinct prototype of socialism. The Yugoslavs adopted "workers' self-management" which was perceived by western writers to be an approximation of Lange's market socialism.

Because of its experimental nature, the Yugoslav system received great attention in the West. Benjamin N. Ward was one of the earliest economists to study the Yugoslavian alternative to Soviet type of planning. His work was followed by the works of other authors; John H. Moore's book is the most recent addition to an impressive list of works on the Yugoslavian economy. His work is, however, distinctly different from the works of others.

The author starts with the correct observation that "Workers' self-management was... experimental; it was adopted above all for political reasons" (p. 3). Because of its experimental nature, the system required frequent changes; its political imperatives imposed constraints and changes that were political in nature, not economic. As Joseph T. Bombelles has observed, "What actually happened in Yugoslavia after the early 1950s was a change in instruments used in directing economic development, but the direction continued to be prescribed by the top political leadership".

Moore's book is not concerned with the theory of decentralized socialism. Its purpose is "to measure and analyze Yugoslavia's success in generating industrial growth during the first twenty years or so of worker's self-management" (p. 4). The Yugoslav prototype retained the emphasis on high rates of investment and

industrialization that characterize the Soviet type of planning models. Did the system of workers' self-management succeed in generating high rates of industrial growth? Success can be measured meaningfully only in terms of alternative methods pursued by other countries not using workers' self-management. However, international comparisons are misleading when the methodology, definitions, and systems of social accounting differ among countries. Therefore, the author "develops a new sample index of industrial production, methodologically comparable to indexes commonly used in the West" (p. 4). This is the unique characteristic of this study. Unlike other studies, it does not take the official Yugoslavian data at their face value.

The first part of the book (pp. 2-28) gives an overview of Yugoslavians' objective to transform a traditional, backward, economy to a modern industrialized one. Broadly defined, two instruments of policy were adopted: control planning, and enterprise autonomy. The degree of autonomy of enterprises varied from time to time, reaching its peak with the 1965 reforms. However, since enterprises and banks became "centers of independent power of a magnitude that the central party evidently could not tolerate" (p. 7), the power of enterprises was reduced in the 1970s.

Part II of the book deals with the methodological problems of measuring economic growth, while Part III deals with analysis and appraisal of Yugoslav performance and workers' self-management. "For some purposes, official Yugoslav indexes are satisfactory" (p. 31), but they do not lead to meaningful comparisons with industrial growth in the West. Sources of distortion include: reliability of reports by enterprises, the tendency of Yugoslav authorities to add to or drop from the official statistics products without explanation, and ambiguity of product classification. Moreover, there was pressure to show that Yugoslavia's revisions and policies produce good economic results. "There is an incentive to overstate production, and there are no statistical agencies independent of the state to provide outside checks on the official data" (p. 34). Given these sources and the differences in methodology, one would expect the sample indexes to be at variance with the official indexes. Between 1952 and 1975, industrial output grew, according to the official index, at an annual rate of 10 percent. "According to the sample indexes, this is an overstatement. The highest average annual growth rate implied by the sample indexes is 8.9 per cent" (p. 40). This is not a small achievement of industrial growth, but it does create a divergence between officially reported rates and rates implied by methodology commonly used in the West. Moreover, both sample and official indexes indicate that the rates of growth were substantially higher before 1967 than they were after 1967. The author attributes the stagnation of the better period to changes in the composition of output, not the failure of the reforms.

Is the change in composition of output costless, in terms of rates of growth? There is evidence in the Yugoslav case that reforms and high rates of structural change are closely associated, and that "there is an inverse relation between growth in output and changes in the composition of output" (p. 88). Modernization requires structural change, although not all changes constitute modernization. The author compares Yugoslav and Japanese experiences and concludes that "the Yugoslav economic system and its methods of planning and plan implementation were not unique in their power to generate growth and change" (p. 90).

Yugoslav annual rates of growth of industrial output were very high in the

period 1952-64, substantially lower in 1964-67, and moderately high in 1967-75 whether measured by official or sample indexes (p. 50). "By international standards, industrial growth in Yugoslavia from 1952 to 1971 was rapid. However, if Yugoslavia's initial stage of development is considered, its growth is unremarkable" (p. 51). This is true whether one compares Yugoslav rates of growth with noncommunist countries or with Eastern bloc countries such as Bulgaria, and Romania (p. 53-56).

Starting with the 1957-61 Five-Year Plan, Yugoslav economic policy was directed towards achieving both high rates of industrialization and a reduction in the disparities of per capita output between the less developed regions and the rest of the country. This policy involved the transfer of funds from more to less developed regions. There may be a trade-off between overall rates of growth and regional development if the marginal product of capital is less in the less developed regions than in the more advanced regions. However, the Yugoslavs were prepared to pay the price in terms of efficiency of investment in order to achieve a more equitable distribution of output. Although Yugoslav economists have claimed that the transfer of funds reduced the rate of overall industrial growth, the author found no conclusive evidence for such claims (p. 146).

The patterns of regional growth estimated by the sample indexes and the official indexes are in close agreement in terms of trends and the ranking of regions according to rates of growth except (a) in the case of Kosovo the official index is almost twice as high as the sample index (Table 24), and industrial output, "according to the sample indexes, grew more slowly than [in] any of the other areas" (p. 69), and (b) in the case of Bosnia-Herzegovina the sample indexes indicate "a higher rate of growth than the official index" (p. 80).

The regional economic policy had economic and noneconomic objectives. It "generally failed to meet its economic objectives. Whether it satisfied its political purposes... is a question answerable only by the Yugoslavs themselves" (p. 133).

Professor Moore does not overlook the successes of the Yugoslav economy. "In the quarter century following the adoption of workers' self-management, Yugoslavia rose from the ranks of the world's economic backwaters to a position just short of the development levels of the less developed West European states" (p. 151). Productivity in industry and mining, although difficult to measure, increased dramatically during the period of workers' self-management. The structure of output changed, too. Yet, correcting for the level of development, the author found that even structural change was "unremarkable" (p. 152).

What makes the Yugoslav system unique is workers' self-management, not the record of self-management. Professor Moore makes a distinction between *de jure* decentralization and state control, not only in terms of general macroeconomic policy but also in terms of *de facto* control of the enterprises. "The Yugoslav economic system is, in fact, thoroughly politicized, a natural occurrence in the communist state with an elite party" (p. 156). The author sees the absence of private incentives in terms of property rights as the main source of retardation.

This book adds a much needed statistical reformulation of Yugoslav data. It is an excellent piece of detective work in economic analysis. Its only shortcoming

is that it does not go far enough in answering the political, organizational, and regional questions it raises.

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Slobodan Stanković, *The End of the Tito Era: Yugoslavia's Dilemmas*, Stanford, Hoover Institution Press, 1981, pp. 154.

Slobodan Stanković's short book may well be the last of what has become a thriving cottage industry of political and historical analysis, the what-will-happen-after-Tito book. Even though Stanković published his book shortly after Tito's death, its substance still revolves around the famous question.

The fundamental Yugoslav dilemma to which Stanković's title refers is the tension between democratic method and hierarchical control that has marked Yugoslav politics for the past thirty years. This tension has been expressed most notably in the contradiction between self-management and one-party control, but its influence in Yugoslav public life is pervasive. Edvard Kardelj proposed a theoretical solution to the contradiction, which he called the pluralism of self-management interests. According to Kardelj, in Yugoslavia the single party itself is the institution that insures the vitality of self-managing socialist democracy. Stanković finds it difficult to imagine the practical steps to which Kardelj's notion would lead, and notes that after the Slovene's death in 1979 his theoretical views have fallen into desuetude.

If Kardelj's theories do not resolve Yugoslavia's dilemmas, perhaps the army might. It is the only institution in Yugoslavia that remains overtly hierarchical, even though it is bound to respect the individual rights of its members. Stanković sees the army as playing an important role after Tito's departure, particularly in maintaining order in the face of ethnic problems, but since the army is not equipped to deal with the complex Yugoslav economy, he does not believe it can provide long term solutions.

Yugoslav foreign relations reflect the same basic dilemmas as her internal problems. Relations with the Russians are more or less cordial, but the debate over Stalinism lies close beneath the surface. Yugoslavia has supported Eurocommunism against Russian attacks, but on the other hand does not accept it for herself or advocate it for other East European communist states. And in pursuing a basic policy of non-alignment Yugoslavs are torn between wanting to encourage, even lead, a powerful group pursuing socialist goals and their aversion to the imposition of a uniform model of socialist behavior.