

HIPOTEZE O NEMOGUĆNOSTI OPSTANKA SAMOUPRAVNOG
PREDUZEĆA U KAPITALIZMU

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Rezime

Zajedno sa recesijama praćenim nezaposlenošću velikih razmera, u kapitalističkim društvima se obnavlja i ideja o stvaranju samoupravnih preduzeća koja u takvim situacijama ne bi ostavljala radnika na ulici. Ceo članak posvećen je nabravanju već postojećih hipoteza koje bi eventualno mogle objasniti neznatnu zastupljenost radničkih kooperativa u kapitalizmu.

U prvoj grupi uzroka vezanih za probleme osnivanja preduzeća, izdvajaju se sledeći: radnike jednostavno ne krasi preduzetnička sposobnost, niti oni sami imaju nekakvu želju za preduzimanjem preduzetničke funkcije; postojeći institucionalni aranžmani ne pogoduju stvaranju kooperativa; njihovo osnivanje iziskuje dodatne troškove (recimo oko prikupljanja informacija o eventualnim budućim partnerima).

Druga grupa hipoteza vezana je za probleme finansiranja. Između njih se ističu sledeće: radnici ne mogu da nabave početni fiksni i optičajni kapital; uslov za kontrolu preduzeća je snošenje rizika a radnici, ukoliko nisu i akcionari, po definiciji to ne mogu učiniti; nezavisno od toga, garantovanje isključivo sopstvenim kapitalom predstavljalo bi suviše veliki rizik za radnike, a tom kapitalu pretilo bi da postane izvor trajnih subvencija kooperativa; neprestano deluju poznati Vanekovi efekti samouništenja samoupravnog preduzeća.

Poslednja grupa hipoteza odnosi se na probleme tekućeg upravljanja. Ovde se navode sledeći momenti: radnici ne cene u dovoljnoj meri iznajmljene menadžere, plaćaju ih slabije nego kapitalističke firme, pa su kooperative trajno osuđene na lošiji upravljački nadzor; savremena tehnologija ne ostavlja prostora za demokratiju na radnom mestu; kooperative nema načina da se reši neradnika; opstanak preduzeća zahteva stalno povećanje produktivnosti rada koje se, između ostalog, ostvaruje intenziviranjem radnog procesa. Radnici bi se zato našli u dilemi: propast ili uspeh uz povećanu samoeksploataciju. No tu nije i kraj priče. Istorija pokazuje da uspešne kooperative po pravilu prerastaju u klasične kapitalističke firme.

Na kraju, autori veruju da bi zanemarivanje iznetih problema u trenutcima eventualnog osnivanja novih radničkih kooperativa u kapitalističkim privredama, samo ojačalo ionako nepovoljna mišljenja o takvom tipu preduzeća.

SOCIAL OWNERSHIP IN THE YUGOSLAV SELF-MANAGEMENT
SYSTEM*

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I CONCEPTS, DEVELOPMENT OF INSTITUTIONS AND THE
THEORY OF THE SELF-MANAGING OWNERSHIP MODEL***

1. Some introductory remarks

The socio-economic system of the Socialist Federal Republic of Yugoslavia (= SFRY) is based upon two fundamental socio-economic relations and institutions: upon freely associated labour, utilizing and managing the socially-owned means of production, and on self-management (Article 10 of the Constitution of the SFRY of 1974). Social ownership,** one of the foundations of the socio-economic system of the SFRY, represents, at the same time, the material basis of associated labour, as well as of the system of production relationships. Social ownership, together with self-management, also determines the way of utilizing, allocating and distributing (acquiring) the results of the economic activity of the people — of the social product and of the social income. Therefore, social ownership and self-management also determine the socialist character of the socio-economic system of the SFRY.

As socially-owned resources have been the main material basis of the system economic management in the SFRY, from its inception and origins up to the present, the direction of the social and economic policy of the SFRY can be clearly seen by observing the evolution

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*** In the present article the concept of ownership is used instead of the concept of property, although the two concepts semantically are almost identical. The concept of ownership is nonetheless somewhat broader to express legal property rights, system of social relations based on self management and economic assets being socially owned, as well as a system of normative economic ownership (economic appropriation, rules of consumption and accumulation etc.).

of these resources towards an ever more general, complete, all-enbracing and, from the economic point of view, rational and efficient means and form of economic management. The development of self-management and socialism in the SFRY also depends upon the magnitude and quality of the socially-owned resources.

During the last three decades the economic sector based upon social ownership, has not only become the prevailing sector of the economy of the SFRY, but also shows a constant trend of further growth with an ever larger share in the social product, whereas the private sector shows a reverse trend of relative decrease in social product and in its significance within the Yugoslav economy.

2. The processes of establishing and developing social ownership of a self-managing type

There were a number of reasons, both practical and theoretical, political and economic in nature, why the development of socialism in the SFRY necessarily had to begin with state ownership and with state organization of the economy. Only the most significant reasons will be mentioned. Immediately after the war, neither society nor the working class and working people were in a position to take over directly the management of the economy. On the other hand, the state machinery and apparatus, being in the hands of the working class, proved to be a most suitable instrument for protecting and safeguarding the as yet undeveloped socialist society and economic system from a potential capitalist restoration.

It was suitable to concentrate and centralize rapidly the productive potentials and capabilities of the society in an effort to do away with economic backwardness. Again, this was possible only by subordinating the distribution of national income to the needs of development, by placing the standard of living on a secondary plan, through creating a mechanism of great versatility and mobility of accumulation capital formation of the society.

Having exhausted its progressive drive, and overcoming the prevailing system of economic relations and methods of managing the economy, at the beginning of the fifties, the state (state ownership) already began to transfer part of its authority to the economic units, organized in a self-managed way. Throughout this period up to the present (although it still cannot be taken as having ended), state ownership and the state relationships of managing the economy were being replaced by social ownership of a socialist type and self-managing relationships of managing the economy. It is customary to examine this development within the framework and scope of three stages. Beginning in 1950 the origins of the initial features of social ownership of a self-managing type were linked to a law introducing self-management into the economy in the domain of management. This stage lasted up to the adoption of the second new Constitution in 1963. The second period covers the time interval between the second and third Constitution of the SFRY, adopted in 1974. The third period

is marked by a series of »Constitutional Acts« and post-constitutional reforms (1974 up to today).

During the first period (1950 to 1963), often called the period of gradual »rejection of state ownership«, the state transferred some of its authority to self-management in the economic organizations, while retaining considerable powers to intervene in the spheres of investment and the distribution of the social product.

A significant step forward was made by constituting social ownership under the Constitution of 1963. It was thereby laid down that means of production should be a »common and inalienable foundation of associated labour«; that the means be directly »managed by the working people«; that »man's labour shall be the only basis for acquiring the products of social labour and the basis for managing the social resources« (Article 7 of the Constitution of 1963). Thus, during the period leading up to the new Constitution of 1974, it became possible to transfer a considerable share of the total social income to labour and self-management, thereby increasing the share from 42.5 per cent in the mid-sixties to 63 per cent in the mid-seventies. In the period 1968—1972, between 64—68 per cent of the total social income was regulated by associated labour, which was, at the same time, a strong confirmation of the presence of the new type of social ownership. Thus, it was also possible for associated labour to take more direct command of the allocation and utilization of the national income.

The Constitution of 1974 and the post-Constitutional economic and legislative policy (The Act on Associated Labour, the Act on Planning, etc.) represent a significant advance and strengthening of the positions of self-management and social ownership. This came about during a period of a number of economic difficulties resulting from both external and internal factors and problems in the development of a self-managing economic system of relationships. Relating to the further development of social ownership of the socialist type, of special importance are the new constitutional provisions (laid down in detail in the mentioned Acts) dealing with the sovereign and unalienable rights of labour, associated in the basic self-managing economic cells of the economic system of the SFRY (the Basic Organizations of Associated Labour = BOAL) in order to utilize socially-owned assets (real and financial), to manage them and to freely distribute the results of their work (the social products and income). All the economic functions of expanded social reproduction, all the criteria of distribution and decisions about various kinds of expenditure are sovereign right within the authority of »associated labour«. Labour and the organizations of associated labour (BOALs), respectively, are entitled to allot personal income on the basis of the new criterion of the »live« and »past« labour. Labour and the associations of associated labour are entitled to develop more complex organizational forms of managing the economy through the free association of labour and

of the assets of the various organizations of associated labour.* Productive labour carries on a »free exchange« of labour with the institutions performing non-economic, socially necessary activities, financing all the forms of its expenditures within the sphere of collective and general expenditure. Labour, organized in the organizations of associated labour and in higher forms of association, has the right and duty to plan the development of the resources in social ownership and to utilize them in an efficient way, relying upon scientific knowledge and upon the objective laws of the market economy (the Constitution of the SFRY of the year 1974, Chapter I, art. 10—74). Under the new Constitution of 1974, the state, i.e. the various levels of the socio-political communities, have also been given important prerogatives embodied above all in their function of safeguarding the self-management principles of managing the economy, preventing abuse and the economically irresponsible and inefficient utilization of the public property, safeguarding the unified Yugoslav market, and safeguarding the freedom and equality of the organizations of associated labour in carrying out their self-managing economic functions and the development of social property.

3. The theoretical interpretation of the new type of social ownership*

The theoretical interpretation of the new, self-managing type of social ownership originated and was elaborated through the empirical development of self-management and social ownership in the SFRY. It was particularly intense and lively in the period immediately preceding the adoption of the new Constitution of 1974. The results of theoretical research, up to the present, can be reduced — although it is not possible to present them here exhaustively — to some fundamental categories of prescriptions and uniformities, thereby attempting to define the economic essence of social property:

1) Social ownership, as a category, is conceived, above all, as a basic economic self-managing relationship, the contents of which can be identified in the whole of the effects and functions in the economic sphere of self-management: the productive, managerial, distributive (appropriative, acquisitive) and exchange (market-planning) activity of the basic subjects of the property relationship — of the BOALs and of their higher composite forms of labour association.

* The fundamental positions of BOALs are specified in two legal provisions: 1) every major decision of a larger legal entity comprising a group of BOALs (this is actually the enterprise in Yugoslavia) must be agreed upon by all constituent BOALs. 2) Every BOAL has the right to break away from a broader organizational unit, so long as such an action does not threaten the economic survival of the remaining BOALs.

* The theoretical interpretation is taken from the book »Theoretical Foundations of Social Ownership (Study of Selfgovernment Model of Economic Appropriation)«, written by Ivan Maksimović, ed. Savremena Administracija, Belgrade, 1975, (in Serbocroatian).

2) The legal title relative to the social resources, in the sense of the "right" to acquire and manage social resources, derived from their right and title to ownership, is thus abolished. In conformity with the Constitution, and also in accordance with theoretical interpretations, "No one may acquire the *right of ownership* of social resources", "nor may social resources be used for the appropriation of someone else's surplus labour, nor for the creating of conditions for such appropriation" (Article 12 of the Constitution of 1974). This provision equally relates to self-managing organizations and to socio-political communities. Economic title over the social resources, however, is shown in a series of the constitutional authorizations (the "right to work", the "right to utilize and manage the resources of social property"), but, in particular, in the "right to appropriate and allot social income", realized through work and the resources of social ownership.

3) The central economic category determining the economic essence of ownership in all the theoretical works about self-managing social ownership is the criterion of labour — the live, "current" labour, and objectified, "past" labour — as a sole and unique economic foundation and criterion of appropriation of the income in the conditions of social ownership. This criterion, however, is applied to the conditions of the market-planned environment of the economic agents and their economic behaviour, presupposing, in the theoretical interpretations, very complex conditions of appropriating on the basis of labour. (See, below, labour as a criterion of appropriation.)

4) Apart from the economic self-managing units, the Constitution and other economic-legal mechanisms, as well as practice itself, lay down an array of economic functions and authorizations for these functions in respect to the resources of social ownership. These institutions also partake in appropriating a part of the social product. Therefore theory gives rise to the complex question of the nature of the economic standing of these agents (the quasi-economic, "parastatist" subjects), with regard to their participation in the distribution of income and to the economic effects their functions may yield in connection with the system of the social ownership and the utilization thereof.

5) Social ownership also implies a form of appropriating social income on the basis of satisfying common and collective needs (collective and general expenditure). This provokes quite complex questions, also in the theoretical works of defining these needs, and the methods of determining these needs. Within this framework, the new Constitution and post-constitution practice, along with theory, deal with the complex issues of neutralizing state intervention in this sphere and of forming the institutions of "communities of interest", where the direct financing of most of the common needs takes place (public expenditure) on the part of the associated self-managing representatives of the economy and those of the social services, along all the horizontal-vertical lines of the integration of labour and pooling of resources.

6) On the basis of the previously outlined theoretical principles as well as constitutional and practical solutions it could be possible

to set up the theoretical self-management ownership (property) model. Its specific characteristics should relate to:

6.1. *The subject of economic ownership.* This is dualistic. On the one hand, direct producers, i.e. "associated labour" in the BOALs seem to be a subject. On the other hand, so do other socio-political entities (state, commune, etc.) which actually carry out appropriation on the basis of their economic and social functions through economic policy and due to systemic relations. Thus the title to ownership is derived from the very act of actual appropriation.

6.2. *The object of economic ownership.* This includes all real and value assets, natural resources, national product (GNP) and the national income that are relevant or contribute to the BOAL's production functions and distribution of income.

6.3. *The appropriation rule.* This is the most important guiding rule of the self-management ownership model. It also involves economic, institutional and legally binding political-ethnic standard.

It could be *negatively* defined, first of all, as the *absence* of monopoly of any individual or institution over social means and the absence of appropriation by means of such monopoly;

It could also be *positively* interpreted as "*equal access*" to the means, both by actual and potential subjects;

It could be also *positively* interpreted as a "*free entry and exit*" of all participants in economic processes.

The institutional-systemic presumption and requisite of that condition is a competitive market and the equal price charged for the use of socially-owned means to all the economic entities that use them.

6.4. *Labour is a criterion of appropriation.* This is a fundamental economic principle of the normative model of appropriation. Labour is represented in three indicative relations: a) as a basis of participation by individuals in the economic utilization of social means, b) as a basis of all economic transactions in the economic process, and c) as a criterion of appropriating part of social income. There are several specific characteristics — binding rules — concerning the criterion of appropriation of labour in the self-management model of social ownership. They pertain to the internal and external setting in which BOALs (and self-management enterprises) operate. First of all, this refers to the share of appropriation. The BOAL is a commodity producer. Therefore, labour's share is not the only "material contribution in units of labour", but also the element of entrepreneurship that is implicit in labour (assuming the economic risks and economic benefits for the contribution of harnessing and coordinating all the productive factors). Secondly, by introducing the rules of the market economy, appropriation is no longer fixed according to the "individual expending of labour", but, expressed as a value, through the category of BOAL, and by personal income. Income appropriation by the BOAL and its work units is affected by a set of external and internal factors of commodity production and exchange (through costs, prices and the market structure) as well as by the economic policy measures. So it is therefore necessary, before calculating the "results of work" and applying the principles of distribution "according to

work performed" to deduct from the BOAL's income and personal income: a) all kinds of monopoly rent (natural, market, technological and institutional); b) income derived from interest (price of use) on socially owned means of production that are appropriated; c) income derived from the depressed valuation and depreciation of means of production.

6.5. *Social and collective needs as a (limited) criterion of appropriation.* This appropriation can be expressed as a type of collective dividend, income acquired from social ownership of economic factors (fixed assets, social capital) that are no longer in private hands, and therefore belong to all members of society. The "collective dividend" denotes the collective nature of certain needs and a claim for their collective satisfying, regardless of a person's individual work contribution. The so-called social dividend has to be equally distributed per capita as a part of individual gain resulting from the increased productivity of labour due to the efficiency of social capital (capital assets).

6.6. *Pricing and allocation rule for social (self-management) ownership.* Fixed and financial assets in social ownership have to be priced. This price, sometimes called "interest" on the socially-owned means, sometimes — "price for the use of social property", or "minimum rate of accumulation", is indispensable for various reasons: as an implicit measure and scale of the behaviour of the autonomous economic agents (BOALs, enterprises); as an instrument for the rational allocation of social means; as a factor of target distribution of income and of securing the minimum of social returns on socially-owned means; and, finally, as a means of social "expropriation" of the income that is not commensurate with real contribution to the social product and social income of the producing units. The interest charge for using these means is, first of all, the economic (money) equivalent for the increased production power of BOALs; a measure of saving labour; an expression of social options and preference as to the substance and dynamics of development. For the model of social ownership, interest has a special safety function in preventing appropriation and distribution of income outside of labour, i.e. preventing the group acquisition of social means as a type of group-based ownership.

II ECONOMIC RESULTS AND OPEN ISSUES AND LIMITATIONS IN THE IMPLEMENTATION OF THE SELF-MANAGEMENT OWNERSHIP MODEL

To what extent has the model of social ownership of the self-management type been inaugurated, and to what degree is economic activity in Yugoslavia, based thereon, rational and efficient?

These questions cannot be answered in entirety. A multitude of internal and external factors, in addition to the economic system's institutions and basic principles, stemming from the already outlined tenets of social ownership, exert their influence. Limited space, furthermore, does not allow us to dwell on the complex issues of dif-

differentiating between their individual effects and impacts. Let it suffice to give a very brief account and to enumerate the major results and limitations. We shall rely primarily on the empirical data for the past decade 1970—1980, and those covering the post-constitutional period, 1974—1980, due to the fact that the legal tenets of social ownership as defined in the new 1974 Constitution of Yugoslavia, have been more pronounced.*

1. Some of the development results on the basis of the self-management type of ownership

If the growth rate and the growth of general economic prosperity actually represent the conventional yardstick for the historic test of the validity and justification of a particular socio-economic paradigm, then the development of socialist ownership on the basis of self-management to date has passed the test in the face of history, i.e. it has justified its presence. It seems that it entails greater efficiency than other social ownership of the statist type (i.e. the central planning model).

In the time interval between 1950 and 1980, the social sector of the economy of the SFRY achieved a growth rate of 7.2 per cent, one of the highest in the world. It was especially high during the 1954/1964 period with an annual average of 8.6 per cent. This tendency, although not on such a scale, persisted in the period between 1971 and 1979, the increase in the social product standing at 6.9 per cent and that of industrial output between 5 and 9 per cent, which indicate roughly the dynamics of production and the efficiency in the running of the economy and individual organisations on the basis of social ownership.

Secondly, these rates of increment were also followed by very high rates of income increment, especially in the manufacturing and processing industries.

Thirdly, the rates of employment in economy have been very high in recent years, 5 per cent in the period 1974—1978 and 4.8 per cent in 1979. This can also be explained by the mentioned tendency of BOALs and enterprises to generate new jobs, but also under pressure from the socio-political community.

Fourthly, the increment of productivity of current labour stood at approximately 5 per cent (1974—1978) and the increment of nominal personal income per worker was relatively high, about 23 per cent annually in 1974/78. The growth of real personal income was much slower, due to inflation.

* The majority of statistical data in the present article are taken from:

1) Thirty Years of Self-management Development in Yugoslavia 1950/1980, Federal Statistical Office of Yugoslavia, Belgrade 1981 (in Serbo-croatian).

2) Individual Branches and Sectors in Income Earning and Distribution. Empirical Investigations for the period 1970/1980. Institute for Social Science, Center for Economic Research, Belgrade (in Serbo-croatian).

3) M. Soić: Income and Major Factors Determining Its Generation, 1976/1981, Yugoslav Survey, vol. XIII, 4/1982.

Fifthly, the rate of gross accumulation is very high and the mass of gross accumulation has constantly been growing in recent years. This can be substantiated by data which show the constant growth of gross savings and gross investment in enterprises for the whole period of 1970/79. The total gross savings of enterprises were 110.7 and 334.6 billion dinars (in the periods of 1966/70 and 1971/75 respectively), and in the same periods the gross investment amounted to 161.9 and 452 billion dinars. This shows a strong tendency of enterprises for investment (accumulation). However, the net accumulation was insufficient due to indebtedness, and this will be explained further on.

Sixthly, permanent investment activity brought about change in the technological structure of social assets of Yugoslav BOALs and enterprises. More than 75% of the fixed assets of industrial installed capacities represent new equipment and (advanced) new technology introduced during the last 5 to 9 years. In most processing industries and in numerous basic industries, labour productivity is on a European level.

Seventhly, the positive change of economic efficiency can be observed in the behaviour of the ICOR* and income rate, which could facilitate the efficiency of utilization of assets in enterprises, i.e. their more rational allocation.

According to the research carried out by some foreign authors** the efficiency of production of Yugoslav enterprises improved and increased during the first half of the seventies (the initial years of enterprise reform) as compared to the period extending from 1961 to 1975. The ratio of gross fixed investment and stocks to the increase in GDP for the 61/75 period was 5.4. Although no trend was noticeable for the period up to 1967, the average annual ICOR tended to stabilize at a somewhat lower level of about 4.2 thereafter, i.e. after the adjustment to the economic reforms and before the balance of payments crisis in 1974. The comparison was also made against aggregate ICOR rates of other countries and the following conclusion was drawn: Yugoslav ICOR (4.2) was close to the upper range for the sample of higher-income developing countries (Ireland, Argentina, Spain etc).

From these findings, which are by no means exhaustive, it could be inferred that the system and economic elements of an institutional-normative nature (the effects of market laws and criteria of appropriation), built into the property relations, have made it possible for social ownership in Yugoslavia to be advanced, subject to the driving force of economic rationality and efficiency of business operations. That is one side of the coin.

* ICOR = Incremental capital-output ratio, i.e. the ratio of the gross investment in fixed assets and stocks to the increase in gross domestic product.

** M. Schrenk and others, Yugoslavia, 1979, A. World Bank Country Economic Report, Johns Hopkins University Press. p. 169/170.

2. Some major problems and limitations in the fulfillment of the self-management ownership model

The other, negative, side of the coin, which we shall attempt to outline briefly, lies in the fact that in economic practice there is a greater or lesser deviation between the rights and the functions defined in the Constitution and in other acts relating to the system of the resources of social ownership as well as the theoretical and normative principles and categories, and the economic reality; in particular when it is a question of the exclusive appropriation based on labour or the presence of monopolistic behaviour of the economic subjects. A trend of attempts can still be noted on the part of some BOALs, enterprises and social-political institutions (communes and banks, federal and republic agencies) to transform social ownership into group ownership or into various forms of the statist appropriation and managing, or into a private ownership treatment of social ownership etc. These breaches and abuses of social ownership are to be attributed to a number of factors. All these factors have, in fact, acted in a certain way and in a certain measure, empirically not yet firmly established, as limiting factors in the positive realization and implementation of the social-ownership model. We would, however, like to single out several which have had, it seems to us, a more substantial influence and manifold detrimental effect on social ownership and also the entire economic system.

2.1. Inadequate calculations and appraisal of socially owned assets; interest rate trends and price on real social assets

The inadequate and faulty evaluation of assets leads to the inaccurate accounting of the social income, as well as to its faulty distribution, which is then out of proportion to the actual contributions and inputs of individual productive agents which generate and contribute in some way to the growth of social product and income.

Yugoslavia is known to have in some periods had quite drastic upward value assessments of fixed assets, but nevertheless, there has been a constant lagging behind of the fixed asset values, in comparison with price trends and inflation.

This can be deduced by looking into a series of empirical and statistical data. For example: the average rates of asset depreciation are not in proportion to the averages for business assets utilization and generated income. Covering the period 1976—1980 alone, the rate of depreciation went up 21.8 per cent annually, business assets climbed at a rate of 31.92, while income increased 34.7 per cent yearly (the respective indices being 221, 303 and 329).

The other facet of the problem is the trend in interest rates in regard to borrowed social capital (financial current assets). In spite of the relatively more rapid rise in the recent past, influenced by dinar devaluation and domestic inflation, the interest rates, economically speaking, are still low. According to one of the data sources,

the bank average indicated active interest rates moved upward from 6.77 to 7.27 per cent over the period from 1973 to 1977. Various types of interest rates formed outside the banking system run anywhere from 1 to 10 per cent. At 1977/1980 levels of inflation (SFRY retail price growth went up from 13 percent in 1978/79 to 30.4 percent 1979/80, or 18.3 percent yearly from 1977 to 1980), and industrial production growth amounting to 4.2 per cent, — BOALs and enterprises, by virtue of inflation, which covers not only interest but also a sizable portion of the value of assets, not having other liabilities, find social financial capital to be comparatively cheaper and are attracted to incur loan liabilities, to favour capital-intensive production (thus leading to insufficient job creation) weak economic motivation and to the immobilizing of social financial resources.

The third aspect of the problem of insufficient valuation of social assets is the pronounced deficiency in the accounting system itself. This is to say that not only is there an absence of an adequate rate of return on capital, but also a deficiency of the policy price on real capital assets. In the period up to 1965, i.e. leading to the significant reform of the economy, enterprises were under obligation to pay taxes on the amount of social capital (fixed assets) that they were using, at 6 per cent of its value. Having been cut to 4% in 1965, this rate, as well as the tax, was finally abolished in 1971.

This particular economic policy measure had at least three adverse consequences: 1) »Void in the system« in regard to the mechanism of automatic mobilizing of enterprise internal accumulation (the rate of internal net accumulation of BOALs was reduced, from 5.5 per cent in 1975 to 3.3 per cent in 1978, moving up to 5.5 per cent in 1980. 2) Actual room was given to channel the part of BOAL income, generated due to non-payment of the charge for using social assets, into other sectors of consumption — consumer buying power assets and social collective consumption. 3) To an extent, the social-ownership principle of appropriation of income on the basis of the contribution share of productive factors, was depreciated, and the parallel growth of liabilities in the economy in regard to investment outlays, caused marked aberrations, dislocations, in the price of all production factors — some are overpriced, while others are underrated.

It should, however, be noted that in the SFRY all empirical research carried out in this field in the last ten years, though elaborated according to different empirical methods and procedures, have for the most part produced identical findings:

1) That the marginal productivity of the socially owned means of production, »social capital«, in Yugoslavia ranges from 9 to 12 percent of the total values of social means, taken as equivalent to the price of the current value of the social means.

2) That over a somewhat longer period (1960—1980) there appeared a significant discrepancy between the actual and optimal prices of these means (which leads to the conclusion that the economic value of socially-owned means within the social-ownership sector has been underestimated).

3) In all the empirical studies the reintroduction is sought of the type of interest on social means (abandoned in Yu-

goslav accounting practice since 1971) as an «explicit expenditure» on the level of firms' production and usage of these means. For this request the following reasons are given: a) production firms would thus dispose of actual (real) means for their net investments which would automatically ease the present pressure for external financing and for the economy's further indebtedness; b) enterprises would adhere to the theoretical concept and principle of remuneration according to the results of work and thus halt the eroding of social ownership; c) the economic success and soundness of firms' business operations would be more easily and appropriately assessed.

2.2. Income distribution — general remarks*

From the point of the implementation of the underlying principles of social ownership and its projected desirable perpetuation, the distribution of gross and net incomes is of first rate importance, ranking alongside issues involving the establishment of the value of assets.** The central and fundamental principle, without which there can be no self-management social ownership, is incorporated into remuneration. This is the principle of remuneration according to work results. However, the remuneration of income also includes two essential normative principles of social ownership. The first relates

* In the present article only the income of the socially-owned sector of the economy is discussed as stated in the annual balance sheets of BOALs. Under the Yugoslav economic system, income as an economic category differs from the corresponding system, income as an economic category. The following scheme applies: gross income (prihod) minus material costs and depreciation = income (dohodak); income — minus social (statutory) and contractual obligations = net income (čist dohodak). Net income is further divided and allocated to (1) net personal incomes, (2) the «business fund» (saving), (3) the reserve fund, and (4) the workers welfare fund.

If we take from gross income only material and other production costs, without depreciation, we shall obtain «gross value added», also referred to as social product or GNP, that is, it is comparable to GNP less the value added in housing, social and financial services, and public administration (See. M. Schrenk and others, «Yugoslavia...» p. 148.)

** M. Soić, in the already cited article, has stated among the most serious shortcomings in the methods of accounting gross income and income and incomes, the following:

- inadequate revaluation of assets and unreal accounting of depreciation up to the end of 1981 (when relevant regulations were changed);
- lower stating of material costs in presenting business performance as a result of non-revaluated inventories under conditions of inflation;
- shortcomings in stating the value of goods and services sold (treatment of securities, etc.);

- charging individual items fees, money transfer expenses, etc. (and banking services, membership fees, money transfer expenses, etc. (and treating as material costs other expenses which should be charged to income (some forms of vocational training, etc.);

- Too low a presentation of current business losses owing to the delimitation over time of differences in rates of exchange, delimitation of plant and equipment maintenance costs and of new investments, etc.

It is estimated that the economy's income stated in annual balance sheets was about 5 per cent bigger than the real volume of value added (in the period 1976/81. (Op. cit. p. 45).

to accumulation (investment spending) which must be in concordance with the needs of expanded production capacity of social resources and which will, in the long run, lead to full and optimum employment of all producing factors, particularly labour power. This principle closely correlates to the general values of the system of self-management and the criteria of social ownership (everyone who is unemployed must be assured «equal access» to social means, i. e. to employment).*** The second principle relates to general (and collective) expenditure. The distribution of the gross and net income must be such as to facilitate the realization of the idea of the social division (i. e. the equal participation of all in the distribution of one part of the income) which pertains to social needs of culture, science, education, administration and health.

Bearing in mind empirical experience to date in the SFRY, several problems and factors appear as limiting in carrying out the above requirements.

First of all, the existence of structural disproportions in the economy of the SFRY and the uneven position of economy branches and groups in production and earning income, which is then reflected in the uneven distribution of income for personal, general and investment expenditure (accumulation) keeping in mind the dependence of these categories on the level of realized income in branches, BOALs and enterprises.

Bearing in mind the average income of the economy (= 100) we can divide all the branches of industry in the SFRY into three groups. In the first group are those which generate an income (gross) under 85 percent of that average (branches: metals, cement, sugar, chemical products, aluminium, etc). The second group includes branches which vary between 85 and 115 percent in relation to the average (textile industry, transportation, etc), and in the third group we have branches with indices over 115 percent of the economy average (porcelain china industry 115%, gas and oil 365%). Secondly, the uneven position of industry branches in earning income, in addition to the technology nature of the branches, was substantially influenced without doubt in the last decade (1970—1980) by the instability of relative prices in primary distribution, for which, in turn, reasons are complex: 1) the social demand has constantly changed more rapidly than the gross social product and supply in the 1970/80 period; 2) the decrease of exports and faster growth of imports and import prices compared to export prices; increase of money mass (at an annual average of 31% for 1970/79); 3) increase of share of controlled prices; and 4) inflation. The redistribution is carried out at the expense of the enterprise while the Federation decides on its prices. Since the growth of controlled prices is lower (about 30%)

*** In spite of the relatively high long-range rate of employment in SFRY, according to certain assessments 5.1 per cent average yearly in the period of 1948/81, and absorbing on that basis about 62% of the total increase of population — the average number of employment applicants (who are unemployed) went from 45 thousand in 1952, to 785 thousand by 1980. It should be added that about 577 thousand citizens of the SFRY work abroad with 237 thousand of their family members.

than the share of these enterprises in the value of the social product (about 50 percent). For this reason, the enterprises of these groups account for more than 60 per cent of the economic loss.

2.3. Personal income and personal expenditure

What are the tendencies of the range of personal incomes in such an uneven distribution of gross income in these industry branches, established empirically?

There are at least three tendencies: *firstly*, the exceptionally high differences in personal earnings — for approximately the same jobs and work — depend on the position of the respective branch of industry in the above classification. Personal earnings in branches with above-average gross incomes (over 115%, e.g. oil products industry, building materials industry) were in the period 1976/79 2.5 times higher than in branches with below-average gross incomes (e.g. textile industry). In the period of 1980 all of these ranges were narrowed down to 1.9 times. *Secondly*, there is no essential correlation between the fluctuations of personal earnings and the gross income of individual groups. For example, in 1980 the level of generated gross income in the cement industry was 54.9 percent (economy of the SFRY = 100), while the personal earnings were at the 101.9 level (the average personal earnings of the total economy = 100). It is similar in other fields; sugar production 62.9 per cent and 102.8 per cent; water management 71.8 and 110.7 per cent etc). *Thirdly*, there is no essential correlation between the fall of gross income and the fall of personal earnings. Personal earnings tend to remain around the economy average, even in places where BOALs have substantial losses. From this we can draw four conclusions: 1) that personal earnings in the SFRY are not generated in keeping with (in fact they greatly digress) from the normatives of social ownership, i.e. they are not in function of the work contribution; 2) that they are more influenced by conditions of economy-making (systemic conditions and economic measures) than productivity and work results; 3) that according to personal qualifications, differences in personal earnings are small (tendency toward »equalization«); and 4) that during recent years a tendency has been noted, of bringing the net personal earnings closer to the average in economy, regardless of the real or actual generated income.

Considering the central significance of assessing the value of personal earnings and their fluctuation for the concept of social ownership, we could add one other series of conclusions drawn from empirical data: in connection with changes of personal income, it seems a) that personal income changed slightly faster (5.2 per cent) than the increase of the rate of productivity of labour (4.2 per cent) when considered for the longer period of time (from 1954 to 1975); b) the post-constitutional period has created the tendency of BOALs with faster increment of nominal income than the increment of other forms of consumption, e.g. while the selling prices per unit of product of Yugoslav economy increased by 28 per cent in the period of 1968/76, raw materials, production materials and energy increased by

20.4 per cent, and net personal income by 38 per cent; c) thus, personal income grew mostly parallel to the cost of living index in Yugoslavia and non-parallel to the growth of the overall productivity (labour and capital); d) nominal income growth, in its own right, also fuels the growth of living costs, being itself an inflation of costs; e) the difference between the gross and the net personal income is very notable and thus the growth of personal incomes automatically generates the growth of general expenditure, to the disadvantage of BOALs and enterprises.

2.4. Social and collective expenditure

It is very important to make note of the significant limitations which socially-owned means »suffer« due to excessive non-productive expenditure (social and collective) and insufficient accumulation. Working in opposite directions, the effect of these two tendencies is the same: a relative decrease of potentially possible more rapid growth rate of employment — both essential normative components of the social-ownership model.

As for the social and collective expenditure, it has always represented a heavy burden and a significant relatively stable postulate of the Yugoslav system, expressing itself through different forms of fiscal and parafiscal contributions.

The share of social and collective expenditure in the distribution of the net social product (income + depreciation) was about 30 per cent in the period 1974—1979. In connection with this, the general indices of the growth of social expenditure increase from year to year.

Social expenditure, being in direct correlation to the increase of personal incomes and the income of enterprises, especially its major, unproductive part (cost of general administration and defence, etc.) is one of the generators of inflationary tendency, in spite of its role in diminishing the net income which is at BOALs' disposal (this share diminished from 69 to 66 per cent of gross income in the period 1975—78, and indices of net income have increased in recent years from 118 to 125, but to a lesser extent than the index of total income — from 122 to 128).

The second negative consequence, stemming from the same cause, i.e. excessive general and collective expenditure and partly the result of BOAL activity in the ensuring of real personal income, is the slower growth of net income compared with the growth of personal income in 1975/79 (net income increased at an index rate of 121/125 and personal income at an index rate of 126/129).

2.5. Accumulation — investment expenditure

There have been several negative processes in a long period of time in Yugoslavia in connection with the dynamics of growth and the structure of social ownership resources in society. The gross

investment share in the social product had for a long time been high and above the growth of the latter. (In the period from 1952 to 1979 the average investments growth rate was about 8 per cent, and the social product 7.2 per cent.) Only in the period from 1975—1980 the share of gross investments in national income increased from 41 to 43 per cent. Investment structure is not satisfactory either, investments in social production funds have considerably smaller index values of growth than non-productive funds, and, lately, the social sector has been recording a much smaller index growth than the private sector. In any case, as far as the negative effects are concerned, what is most important when talking about negative effects on social resources and social ownership, is certainly the decrease in the internal accumulation of the BOALs, decreasing of the role of »self-financing«, along with the ever greater readiness and tendency of BOALs to resolve the problems of net accumulation by way of falling into debt.

The position of the BOAL and the enterprise is such that the net internal accumulation for enlarging and improving the material basis (social ownership) of BOALs is only about 40 per cent of the gross accumulation in the period 1977—1979. Thus, the rate of internal accumulation of BOALs is about 11 per cent in relation to their income.* This refers, however, only to BOALs with positive business results. If we want to recognize the real accumulative strength of the economy for that period, we have to reduce the net internal accumulation for the amount of losses according to income. This »internal accumulation« was only about 4—5 per cent of gross income in the period 1977—1979. This value cannot meet either relatively or absolutely the requirement of development of social ownership (both fixed and current assets) and, therefore, BOALs incur greater debts, which result in a growing interest charge.

The relative facility with which BOALs and enterprises acquired additional or supplementary funds for investments as a balancing result gave way to a score of adverse tendencies: a further more rapid increase in social product investments, a surplus of total consumption over production in the Yugoslav economy (lately it is probably between 7 and 9 per cent of the social product, a permanent global imbalance of supply and demand of investment resources, significant and growing rates of indebtedness of the economy, which have boomeranged negatively in the form of increase of production costs, inflation, indebtedness abroad and worsening of the foreign trade balance. All of this has essentially slowed down the actual growth rate of social resources instead of accelerating it. On the other hand, protecting their own personal incomes, and faced with the autonomous influence

* We bear in mind the general negative tendency, self-financing of accumulation of the BOAL from net income, which decreases, or is symbolic in character. From 1977 to 1978 alone, the share of own resources in total assets diminished from 51 to 48 per cent. Net income share for business funds of BOALs was about 32 per cent of the total resources for investment in the period 1977/78, while total disposable and free resources of enterprise, intended for investment, decreased from 42.4 to 32.7 per cent, and obligations of repayment of long-term credits increased from 52 to 67 per cent.

of collective and general expenditure, BOALs have treated accumulation problems more and more as a »residual part« of net incomes, which has become smaller and smaller, to completely disappear in some, in fact many, branches of the economy and many enterprises. In this way social means have begun not only to »corrode«, but also to »melt« their substance and value, to use two very frequent terms of Yugoslav economists in recent years.

2.6. *New Tendencies in the Distribution of Net Income in 1980/1981*

As we can conclude from the preceding analysis of distribution of net income, the whole planning period 1976/80 is full of tendencies to transfer a part of the income, which was supposed to have been there to serve to increase social resources and employment, to final, nonproductive expenditure (personal, general).

This tendency has been somewhat alleviated in 1980 and the first part of 1981. The dynamics of growth of funds set aside for general and collective expenditure is *slightly slower* than the growth of social product and social income. The participation of personal incomes *has decreased* in the net income of the economy.

Net accumulation has increased its part in the generated income, which is particularly expressed in the actual increase of accumulation from 45 per cent in comparison with 1979. (The nominal increase was 88 per cent).

2.7. *Change of foreign trade prices and terms of trade*

Economic reform of 1965 and 1972 and many systemic recent intentions of economic policy have made Yugoslav BOALs and enterprises very dependent on foreign trade. In recent years in particular, dependence on foreign trade has become a limiting factor in the development of BOALs' social funds and means of production. It is a matter of more expensive import input for BOALs and relatively cheaper exports, which, besides growing dependence of the whole material reproduction on import raw and reproduction material, have negative influence on social means through lessening economic efficiency in two directions: increase in the costs of production and decrease in the total income of the enterprise.

In recent years, some negative factors have appeared in this respect. Empirically expressed, they would be: 1) decrease in the ability of the economy to cover its imports with growing exports from 63 to 47 per cent in the period 1973/79; 2) in the same period, the terms of trade, i.e. indices of export-import prices, decreased from 99.6 to 96.6; 3) especially negative terms of trade were exacerbated in the period of 1978/80. In 1978 export prices increased by 14 per cent and import prices increased by 18 per cent, which worsened the terms of trade by 3.5/4 per cent. The negative direct effects of these changes

on industrial production enterprises was, in 1979, just for the six month period, about 5 per cent of the total income of industry, i. e. about 10 billion dinars. It was also correlated with the so-called »second oil-shock.«

2.8. Indebtedness, losses, financial liquidity

Because of previously mentioned accumulation/investment problems, total credits of BOALs, i. e. their indebtedness, have been growing, when taken in the total proportions and dynamics of overall indebtedness.

Excluding trade enterprises, in the indebtedness of all other enterprises and of BOALs, there dominates the credit basis which bears total interest sums. Interest for the whole economy was between 7.7 and 7.2 per cent of the gross income in the period of 1976/78, and for industry it was 9.5/9 percent of the gross income. The share of indebtedness, i. e. of credits to total resources of the economy, was very high (for the whole economy it was about 41%, and for industrial enterprises about 47% of the average value of all assets). The share of bank resources in total investments in 1978 was 46.6 per cent, and only 39.4 per cent were resources from within the economy proper.

Such a degree of indebtedness explains why out of the real mass accumulation only 30/40 per cent of resources is intended for net accumulation. The share of net accumulation in gross accumulation in the respective years 1976/1979 was — 29 per cent (1976), 33 per cent (1977), 39.9 per cent (1978), 41.4 per cent (1979). These figures serve to explain the frequent resorting of enterprises to international loans and credits.

Losses of BOALs are another limiting factor in this domain. This problem has been more pronounced in the financial and working discipline of the Yugoslav economy after the enactment of the 1974 Constitution. Attempts of empirical measurement of value have been made recently, and the decrease on losses was pointed out in the total economy (3.0 — 2.2 per cent of income of the economy for the period 1977/78) with more expressive rates in industry: 4.2 and 3.4 per cent; in agriculture 3.4 and 3.7 per cent, etc. Nevertheless, it has been considered that the total amount of losses is relatively high. The reverse proportion has been observed of linking of losses with the rate of economic activity. Analysing the causes of the occurrence of losses, it has been noticed that this problem is connected with today's greater number of unsolved practical questions of the system and organization of BOALs (unsolved questions of economic consequences of social ownership, »who should take the consequences of losses«, contradictory to the principle of solidarity which is built into the system of counter-weight of principle of responsibility; losses caused by price policy, etc).

3. Concluding remarks

The economic model of social ownership of the self-management kind stands for a theoretical paradigm, a normative ideal-standard, still far from its fuller empirical realization. The chief obstacles lie in structural features and economic underdevelopment, as well as in the system policy. The demands of normative theory and Constitutional principles are integrated into the economic system and are still not being realized, be it due to the non-consistency of the system mechanism and economic-political measures and the strategy of economic development, or to financial limitation of the basis for the fuller and more efficient enactment of the laws of economics. Outside factors of the international economic community exert influence upon the »open self-management system«, presenting more a setback than giving impulse during the past decade, having in view the well-known difficulties of the development of economy in the world.

However, the time distance is still small — the self-management system and type of social ownership which it develops, has only been »living« for three decades — too soon for final conclusions to be able to be drawn. What we believe can be stated with a significant quantity of objectivity is that: this type of social ownership has been developed very rapidly and dynamically, in spite of the many discussed shortcomings and limitations. We can also state that it has displayed significant elements of economic rationality and efficiency, which distinguish it from other types of social ownership in other socialist countries. With certain systemic, institutional modifications and changes in the development policy, it appears that the socially-owned resources will be able to expand even faster. We believe in this possibility, whereby the self-management system of economy would retain its high place in the growth among economies of other countries of the world, and would reaffirm its significance and historical necessity.

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DRUŠTVENA SVOJINA U JUGOSLOVENSKOM SAMOUPRAVNOM SISTEMU

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Rezime

U prvom delu studije prikazan je razvoj društvene svojine u Jugoslaviji kroz tri perioda: prvi, nastanak, razvoj i početak dezintegracije državne svojine (1945—1950/1963); drugi, razvoj društvene svojine posle Ustava od 1963. godine (1963/1974); treći, razvoj društvene svojine posle ustavnih amandmana i novog Ustava od 1973. godine, u

okviru postkonstitucionalnog zakonodavstva i privredne prakse (1974/1980).

Potom je data teorijska interpretacija i model novog tipa društvene svojine. Društvena svojina se shvata kao ekonomska i pravna (legalna) kategorija. Kao ekonomska kategorija pod društvenom svojinom samoupravnog tipa podrazumeva se ukupnost efekata i funkcija samoupravnog reproduktionog procesa — proizvodnog i potrošačkog, preduzetničkog, distributivnog (aproprijativnog, akvizitivnog), te tržišne i planske funkcije svih samoupravnih ekonomskih subjekata i subjekata faktičkog odlučivanja i prisvajanja.

Legalna osnova društvene svojine data je u pravima »upravljanja« i »korišćenja« društvenih sredstava bez prava prisvajanja društvenog dohotka na osnovi sredstava u faktičkom upravljanju i korišćenju.

Osnovni kriterij prisvajanja (aproprijacije) u uslovima samoupravnog korišćenja društvene svojine jeste živi rad i ovo je ujedno fundamentalni kriterij za teorijsko definisanje društvene svojine. Ipak, kao istorijska kategorija, društvena svojina uključuje i izvesna ograničenja po obimu i sadržini prava prisvajanja na osnovi potreba.

Pošto su na taj način definisane fundamentalne pretpostavke i aksiome, razrađen je u daljem izlaganju institucionalni model društvene svojine samoupravnog tipa koji pod subjektom društvene svojine podrazumeva »udruženi rad«, »neposredne proizvođače« i sve one koji po bilo kom osnovu učestvuju u raspodeli i potrošnji društvenog proizvoda i dohotka, uključujući i takozvane kvazisubjekte — društveno-političke organizacije. Pod objektom društvene svojine ima se u vidu društveno bogatstvo, društveni proizvod i dohodak. Treći elemenat modela svojine je dat u pravilu prisvajanja (Appropriation Rule). Ono obuhvata više normativnih odredbi i značenja. Prvo, odsustvo monopola u vezi sa korišćenjem sredstava i konkurencije u sklopu sa načinom povezivanja rada i sredstava. Drugo, obuhvata kriterij prisvajanja: živi rad, kao diferenciranu meru i »minuli« »opredmećeni rad«, kao vrstu kolektivne rente. Treće, pošto se rad vrednuje u uslovima robne privrede, to se »rezultati rada« mere društvenopotrebnim utroškom rada. Četvrto, svi tzv. neradni dohotci se isključuju iz ličnog prisvajanja na osnovi rada (monopolske rente — prirodne, tržišne, tehnološke, institucionalne, te dohodak ostvaren usled delovanja društvenih sredstava na proizvodnu snagu rada ili/ekonomski neadekvatne valorizacije i depresijacije društvenih sredstava). Peto, odstupanje od radnog kriterija u slučajevima opšte i kolektivne potrošnje. Šesto, društvena svojina pretpostavlja, u cilju adekvatnog prisvajanja, da sredstva moraju imati svoju odgovarajuću »cenu upotrebe«, kojom se ostvaruju različite ekonomske reproduktivne funkcije u uslovima robne privrede (alokativna, akumulativna, distributivna i sl.).

U drugom delu studije ispituje se stepen ostvarenosti principa i gore izloženog modela društvene svojine u samoupravnoj privredi, na osnovi empiričkih podataka, uglavnom za period 1970/80. godine. Prvo se ukazuje na značajne rezultate postignute na osnovi novog tipa društvene svojine u SFRJ. Potom se iznose empirički podaci koji govore o još značajnoj nerazvijenosti i ograničenosti novog modela svojine, koji se otkrivaju u odstupanju ekonomske prakse i statističkih

podataka od gore izloženih normativnih kriterija. Odstupanja su naročito značajna u vezi sa raspodelom dohotka, ličnih dohodaka, opšte i zajedničke potrošnje, akumulativnosti, konkurentnog principa korišćenja sredstava, preliivanja dela vrednosti sredstava u dohotke (usled nepostojanja cene upotrebe društvenih sredstava), što sve ukazuje da su principi društvene svojine još dosta daleko od svoje pune afirmacije i ostvarenja u ekonomskoj praksi Jugoslavije.