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ECONOMIC STRUCTURE, “OFFICE SEEKERS” AND THE PRODUCTION OF THE BALKAN IDENTITY IN SOUTH EASTERN EUROPE BEFORE THE SECOND WORLD WAR

*“The Present has no Future without the Past”
Fernand Braudel*

This paper present only a part of the research which have to be undertaken and the text which have to be written. Project abstract reprinted below have function to help reader to recognise missing parts of research.

Project abstract

The intention of my research is to try to understand the economic background of the complex Balkan identity. The mentality and the social and political habits of South Eastern Europeans have been profoundly shaped by the economic structure of the region during the last one to two centuries, more than anything else.

The author’s main idea is that the Balkan’s identity is, to a significant extent, the result of the perception and ideological activities of “office seekers” – educated elites which were unable to use their knowledge and education in an economically productive way. Crucified between useless education (macro-economically speaking), underdeveloped and inert economic reality and competition for positions in a weak superstructure, they developed some important segments of the Balkans’ reality and identity:

- A strong public sector which produced the domination of politics in society
- The domination of different populist ideologies in political and cultural life
- The negative perception of the Balkans as a “forever backward and doomed” region

Project thesis

In South Eastern Europe during the nineteenth and first half of the twentieth century, majority of the population (usually around 80 percent, with regional differences) made their living as peasants. Because of the tradition of dividing property amongst sons, most of the properties were relatively small – something that shifted the production more towards subsistence than to profit-making. This tendency was additionally strengthened by a relative lack of communication and the geographical position of South Eastern Europe. A relatively weak domestic market was the main macro-economic result of the predominance of the subsistence-peasant-property system: small-property owners did neither have much to sell nor to purchase. The limited purchase capacity of the subsistence agriculture was an economic barrier for the development of industry, trade and finance.

At the same time, agricultural overpopulation tended to “push” young ambitious people outside the agricultural sector. They managed to build themselves a personal future through emigration or in the economic superstructure (trade, industry, finance) and the public sector (administration, army and police, religion services, education). The geographical position and weak communication were a great hindrance for emigrants,

while the economic superstructure was determined by the extent of the domestic market. It seems that the public sector could produce the most working places because of its flexibility.

From the mid nineteenth century onwards, research opens our eyes to a strong and massive cultural and intellectual influence of Western Europe – something that is firmly linked to the development of railways, modern means of communication and, later on, the liberation from Ottoman domination. Starting with this period, we can talk about South Eastern Europe's "catching up with the West syndrome". The establishment of relations with the now broader market (and consequently the globalisation of what had been local markets) lead to the decline of the strong politico-economical elites – a process that was definitely reinforced through the liberation from Ottoman domination.

As regards to financing development in order to catch up with the West, education was the cheapest infrastructure for South Eastern societies– railways and some industrial enterprises were developed thanks to the Western capital and interest. During the second half of the nineteenth century and the first half of the twentieth century, the Balkans have experienced an unprecedented boom of its educational structure. The "production" of educated people was higher than the level at which society was able to absorb them. Pushed from overpopulated rural areas, strengthened through education and without a strong barrier of established politico-economic elites, for a few generations of "office seekers" were increasingly looking for employment. As a result there was high competition for jobs in the economic superstructure and public sector.

The main result of this competitiveness in the economic superstructure was economic nationalism, which occurred in regions with a population of mixed nationalities. The high level of competition for jobs in the public sector had social and cultural consequences that were even more serious:

- The use of ideologies as "career tool". The result was an overproduction of different ideologies (nationalistic, populist, religious, economic...) – the most confusing element of the Balkans' identity
- "Cruelty-in-the-life-boat" effect – the predominance of politics and cruelty of political and cultural life
- Instability along the borders of the regions can be understood as a result of the need for creating new jobs in the public sector
- "Losers" of the "career game", unable to find enough opportunities to use their intellectual abilities, developed a feeling of resignation toward the "forever underdeveloped Balkans".

At the same time, there were some economic consequences that made deviation a long lasting problem of South Eastern Europe:

- The expansion of public services and budget expenditures were a successful barrier to capital accumulation (state expenditures rarely had productive impact). Taxation pressure was also a source of political instability, especially in countries with a population of mixed nationalities.
- Unable to accumulate capital and to finance the structural change and economic development, the idea of "catching up with the West" degraded to taking over Western European consumption habits. Copying Western European consumption habits in the given South Eastern European economic environment was counter-productive for the economic development and structural change.

The production of different ideologies used by career seekers corresponds to regional circumstances, but their foundation really depends on the economic structure – more

marketised regions will produce less fantasised ideologies and vice versa. Serbian “office seekers” produced these kinds of ideologies as well as the Kosovo myth, focusing on the problem of Serbs outside Serbia. Their irrationality could be explained with the predominance of subsistence in Serbian agriculture and the lack of real enemies. The ideologies produced in Bosnia and Herzegovina, however, were relatively simple, national antagonisms – which had, to a great extent, the characteristics of economic nationalism – but their strength was the result of a very intensive spread of the influence of education after the Austrian occupation of Bosnia and Herzegovina. Bulgaria was not a country with a mixed population. Thus their “office seekers” did not produce national ideologies (except for some Macedonian question material) but rather concentrated on different peasant and economic ideologies. Slovenian nationalism was a relatively simple, economic and cultural fight against German domination – almost without national and ideological myths. In the well-marketised and developed Vojvodina, the situation was similar. Here national groups almost lacked nationalism – something that must be related to career possibilities in the economic superstructure. Croatia is a very interesting case as we can find a mixture of irrational ideologies in periods of a high pressure of “office seekers” and a very rational economic nationalism in economically prosperous periods. Society had to have more growth in educated elites than in the economy and society had to bring forward more intellectuals than it was able to absorb in order to massively produce and accept ideological mites.

There is no doubt that the term “Balkans” has a very negative, pessimistic and resignation-filled connotation. It was not so much the result of Western perception of South Eastern Europe but rather the perception of the Balkans’ intellectuals.

Many intellectuals obtained their education in Western Europe, and transferred educational, cultural and consumption habits to the intellectual centres of their homeland. Here economic reality was very much different from that in Western Europe. Thus frustration became an eminent element. Many educated people were unable to adapt to the cruel, almost Machiavellian competitiveness for positions. If a weak market was too small to absorb educated people in the economic superstructure, there would be no doubt that the cultural and scientific sector would be reduced even more. Culture, science and arts as the hobbies of resigned “career loser” were a very common situation in South Eastern Europe. Optimism and the believe in better times in the Balkans were only a short time phenomena (usually after some great political changes when there were many new places to be filled in the public sector). In addition, many intellectuals, unable to adopt to the Balkans, emigrated. They played an important role in spreading the myth about the “doomed Balkans” throughout the West.

Introduction – different societies

It is hard to recognise the sense and logic of the changing world. We, as people, like to make simplifications, and statements rather than explanations, especially when problems seem to be complicated.

The Balkans is a region that has changed and keeps doing so. However, in the minds of many, a certain set of economic, political and social problems, which very much simplifies the term “the Balkans”, has generally been adapted. Although most people would not be able to really define this term, they still use it. But the Balkans are not a constant – their society keeps changing. The Balkan society did not stay the same between the early nineteenth century and the late nineteenth century, and it was transformed again during the inter-war years as well as during the years of communism. Besides, it is not only one homogeneous society: the society of Bosnia, for example, was

and still is not the same as the Romanian society, and it is very much different from Serbia, Bulgaria, or Macedonia. When one says "the Balkans", we should always ask: "Which part of the Balkans?" There were and are so many of them.

In this paper some of the economic and social changes that have taken place in the Balkans will be analysed, thus coming to the conclusion that some of these changes have had an important impact on the Balkan identity. I believe that the main transformation process of the Balkan societies was the shift from an autarchic, subsistence rural society to a society which is hard to define. Nevertheless, we could call it a modern marketised economy. It has been a long process which has not ended yet. In the next few chapters, I will try to explain what kind of society the Balkans were at the very beginning of this transformation process.

This version of the paper was intended for the discussion with some NEXUS fellows. In order to make some concepts clearer and due to the fact that too many tables and numbers might confuse the reader, I avoided including a large extent of statistical evidence, which will, however, be part of the final version of this paper. Nevertheless, some sources of statistical data are referred to in the footnotes. Instead supporting my thesis with statistical evidence, I preferred to quote quite a few Western observers who recognised those processes. Finally, the extended version of the paper on the main thesis will indeed be supported by a combination of statistical data, some opinions of Western observers and very illustrative material from novels by domestic writers. I hope that the main thesis will become clear enough in this shortened version, so that I might be able to profit from the discussion about it.

Happy Balkans?

I will start with an interesting text about the Balkans. The first British consul in Belgrade made some observations which are very much different from the common opinion about the Balkans:

"... The principality of Serbia has another peculiar merit: it has no proletariat. It knows pauperism – that general problem and advancing scourge of all European societies. Of course, I understand that the sparsity of the population – about 1,000 to the square mile – helps to produce this result, together with fertile soil and modest needs. ...

Really rich people are not to be found in Serbia, for property is distributed more equally and there is less poverty and more general comfort than there is in the rest of Europe. Only the lame and the blind are beggars, and a few work-shy foreign refugees....

In most European countries wealth, intelligence, prestige and power are unequally distributed between town and country, with the town receiving the lion's share...In little Serbia, the position is quite different: here it is the country, not the town, which preponderates. The capital has no more than 20,000 inhabitants...none of the provincial towns had a population of over 5,000 and they are therefore without significance....

To some people it will no doubt seem paradoxical when I assert that there is no state in Europe where people are more lightly and justly taxed than in Serbia. Yet it is quite true. Direct taxes now amount to about five thalers per person liable to taxation. At present, there are about 150,000 of such persons, who altogether pay 750,000 thalers in two half-year instalments. ...In spite of the fact that Serbia is so lightly taxed and has no monopolies, there is no state debt.

...Every woman has her dowry – silver for the poorer, gold for the richer – and wears it on breast, neck and head. Of the total population of half a million females, at least 300,000 wear such coins. So reckoning each dowry as worth 10 thalers – a conservative

estimate – then there is an emergency savings fund of six million florins, in this land without aristocracy or proletariat.”¹

It is not surprising that one can find others with similar views of the Balkans:

“The proportion of labourers who work on other men’s land is extremely limited. At harvest time, a certain number of foreigners, chiefly Macedonians, came into Bulgaria to seek employment: and the poorer peasant farmers of the country, when their own crops are gathered in, are ready to work for wages on the land of their wealthier neighbours. But it may safely be asserted that, throughout the rural districts, there is no important section of the community depending on its means of livelihood on any other source of income than the produce of its own land.

...I should say that a lot of the Bulgarian peasants are happy. They live very roughly, very thriftily, and one might almost say, very sordidly: but they have enough to eat, they are warm, though coarse, clad, and they generally enjoy a certain amount of rude comfort. They work hard, but they work for themselves, and they are now, even more than in old days, free to live out their own life after their own fashion. Poverty in our sense of this word, does not exist². In the towns, there are individual cases of destitution owing to drink or misconduct, but those are few and insignificant.”³

One of them also was a little bit of a poet in his comment:

“Here, a peasant returning from the town would be driving his horses in a gallop; farther on, young barefooted highlanders would be racing down the steep mountainsides, their long hair streaming in the wind. As soon as I had passed through the customs barrier which separates the Austrian provinces from Croatia and Hungary, this impetuous gaiety, was intensified. What was the source of this content, this open expression of all-pervading happiness? It evidently originated, not in the standard of living, which far from having improved showed a marked deterioration, but in the possession of a little more liberty. Imperfect as it is, one would not exchange it for the greater material welfare in the adjacent provinces under direct Austrian administration.”⁴

The authors of these texts, professional observers, do not talk about backward Balkans, even if they had reasons to talk about backwardness.⁵ In both cases, we have observers from Western Europe who were surprised to discover a world that did not share the problems of their own societies. And all three of them seem to feel a little bit disarmed and shocked by this reality of the other world they met. I believe that it was not just the exotic side of “the Balkans” but rather something more profound. At the beginning of the nineteenth century (or at least during most of the first years), the society of the Balkans was different. It was part of the cultures we call ‘non-market economies’. And this type of society was fundamentally different from most of Western Europe at that time.

Market economy is system in which the lives of most people are based on the production of goods and services for other people and other markets on a continuing and regular basis. Consequently, non-market economy is a system in which the majority of the

¹ Colonel G. Lloyd Hodges (first British consul in Belgrade), Report to Viscount Palmerston, December 14th, 1837. Public Record Office, London, F.O. 78/312, Consular 14

² Underlined by D.J.

³ Sir Edward Dacey, *The peasant State*, London, 1894, p. 37-39

⁴ Hypolite Desprez, *Les Peuples de l’ Autriche et de la Turquie*, Paris, 1850, vol. I, p.6

⁵ The term “backwardness” roughly applies to a situation when productive forces were less developed one region than in another – something that is taken as point reference. See Kochanowitz - p. 118

population does not produce goods and services for sale but for themselves. The most common non-market economy exists in the form of subsistence peasantry.

Peasants and their families, who produce food, clothes and most of what they need for themselves and who do not sell or buy significant amounts of products or services outside their small communities (which are usually limited to the village they live in) make up the basis of a subsistence agricultural society. They could be free peasants, but most peasants during times of feudalism lived such lives: they simply gave some products to their landlord or sometimes worked for him. A similar relationship could exist between the state and the subsistence peasantry: peasants pay some small amount of taxes, and that is the most they have to do with the state⁶. Such society is characterised by a limited use of money.

“With an economic practice based on self-supply and bartering, money has only a limited function, usually linked with the relationship to the global economy.... The function of money is a transaction between those two economies.... When a peasant sells a cow at the market or gives wheat to the merchant, the money he gets in return will be used for paying taxes and eventually land-rent to the landlord, buying salt and some other articles he does not produce by himself, and getting back home free of debts. His bags would thus be filled with some necessary products but without money. From his point of view, it was bartering, money was used only as inter-mediator with the global economy. If he sold more than he bought, money would be hidden in a canvas bag and saved for other times. This wealth is called ‘treasured savings’ instead of ‘capital’ or ‘income’. Savings are used for paying next term’s taxes or land-rent, since the following year might be a bad one. Another possibility is to purchase some land or cattle, or save some money for the heirs.... Limited to this marginal role of being a moveable part for the heritage, money, in peasant economy, has no value, because it is useless in everyday life.”⁷

One profound analysis of the difference between market and non-market economies started with almost philosophical suppositions. In his article “Aristotle Discovers the Economy”⁸, Polanyi refers to two Roman law concepts, *Contract* and *Status*, as two fundamental dimensions of modern and ancient societies. *Status* determines the rights and duties of a person, especially his or her duties to the family, and is set by birth. *Contract* determines the rights and duties on the basis of a bilateral agreement. A similar concept could be found in “Community and society” by Ferdinand Tönnies. *Community* (“*Gemeinschaft*”) corresponds to the concept of *status*, while *society* (“*Gesellschaft*”) refers to a contract group. Malinowski's fundamental contribution to the analysis of this problem was the fact that he recognised that *status* or *Gemeinschaft* dominate in an economy where relations are shaped and influenced by non-economic institutions, while *contract* or *Gesellschaft* is a characteristic of a “motivationally distinct economy in society”. *Contract* is the legal aspect of exchange, so a society that is based on *contract* should possess a sphere of exchange, i.e. a market. *Status* corresponds to an economy in which redistribution is not based on a market but rather on numerous non-economic (family, political or religious) institutions.⁹

Some ideas about the characteristics of *community* were stemmed from anthropological research on the primitive communities¹⁰:

⁶ Also, during the war they will give some soldiers, what is some kind of taxation

⁷ Henri Mendras, *Peasant societies*, Zagreb, 1986, p. 69

⁸ Karl Polanyi, “Aristotle discover the economy” in *Primitive, Archaic and Modern Economies. Essays of Karl Polany* (Boston, 1971)

⁹ Polanyi, *Aristotle discovers the economy*, p. 84

¹⁰ cited from Polanyi, *Our obsolete market mentality* p. 66

- “The characteristic feature of primitive economics is the absence of any desire to make profits from production and exchange”¹¹
- “Gain, which is often the stimulant for work in more civilised communities, never acts as an impulse to work under the original native conditions”¹²
- “There is no starvation in societies living on the subsistence margin”¹³
- “Destruction is impossible; whosoever needs assistance receives it unquestioningly”¹⁴

In his analysis of Aristotle’s texts, Polanyi recognised some important characteristics of *Gemeinschaft* which correspondent to a Greek city.

- “Human needs, ... , are not boundless; nor is there a scarcity of subsistence in nature”¹⁵
- “External trade is natural when it serves the survival of the community by maintaining its self-sufficiency. The need for this arises as soon as the extended family becomes overcrowded, and its members are forced to settle separately.”¹⁶
- “The exchange of goods is an exchange of services: in such exchange no profit is involved; goods have their known prices, fixed beforehand.”¹⁷
- “If exceptionally profitable retailing, this must be done by non-citizens, for the sake of a convenient distribution of goods in the market-place.”¹⁸

It seems that any village, where most South-Eastern Europeans lived in the nineteenth century, had the characteristics of such “*Gemeinschaft*”. In his excellent study of a village called Dragacevo, near Sofia, Sanders noted¹⁹:

- *“Peasant economy is based on a self-subsistence principle in which a satisfactory balance between plant and animal life is maintained. Since income is very low the standard of living is low. That is, the peasant cannot buy from the outside world much in the way of clothing, machinery, conveniences or recreation. On the other hand, he does eat well according to his own standards. Furthermore, he maintains his self-respect. There is security in land which nothing else afford unless it be a family large enough to work on the land one owns. No matter how much one discounts that sort of economy, history has shown it to be the most enduring man who has so far been devised.”*²⁰
- *“Bulgarian farmers were neither serfs nor dispossessed day labourers, but for the most part they were proprietors of their land and home, and were respected by their families and associates”* p. 179
- *“The village was a the peasant's social world.”*²¹
- *“Most of the economic activity occurred on the level of the village.”* (Even if Sofia was very nearby, it did not change so much for the economic life of the village)
- *“Although the peasant considered money of greater importance than formerly because he was becoming more and more a part of a money economy, he really handled*

¹¹ R Thurnwald “Economics in Primitive Communities”, 1932

¹² Malinowski, Argonauts of the Western Pacific, 1922

¹³ M.J. Herskovits, The Economic life of Primitive people”, 1940

¹⁴ L.P. Mair, An African People in the Twentieth Century, 1934

¹⁵ Polanyi, p. 98

¹⁶ Polanyi, p. 96

¹⁷ Polanyi, p. 97

¹⁸ Polanyi, p. 97

¹⁹ Selected from the Sanders, Balkan village, pp.52-180

²⁰ p. 268 – See also vary good comparative analysis between marketised and non-marketised agriculture in “Bulgarian and Southern Rural Whites in Contrast” u Social Forces., XIX, No. 1, October, 1940

²¹ Balkan Villagep. 180

very little in the course of the year. The annual income for a family of four or five was less than two hundred dollars, an amount that was put into the family coffer in dribbles and was paid out as slowly as possible. After the autumn market or the sale of a cow, the peasant was flushed by money, but when he had bought the necessities which he could not produce by himself (kerosene, shoes and other articles of clothing, rice, salt, and some hardware) he was a little bit better off financially.” p. 52

- *“But, within the community, daily co-operation was much more common than conflict. ... The character of village life, however, called for continued interchange of labour, implements, and even work animals.” p. 58*

- *Most of the young people used to get married to someone from the same village or from some nearby villages. “It was important that no man born in Dragalevtsy and currently living there had a wife born in Sofia.” p. 79*

- *“Sons were greater economic assets than daughters and even more so they would normally receive all the attention in this man-centred society. As parents often had to go to expense to get their daughters married off, they were always jubilant at the arrival of a son.” p. 115*

- *“Whenever young men kicked against traditions, the older people did not become particularly disturbed. Sometimes they were annoyed, but there was a general feeling that once the boy got married, he would settle down to the conventional routine.” p. 119*

- *“In all cases where the sons stayed to work in the village, they were expected to turn over parts of their earnings to their fathers. This practice once more emphasises the economic importance of children.” p. 121*

- *“Within a year, one third of the village homes generally did not welcome any visitors from outside the village. Many visitors were originally from Dragalevtsy. A migration record of one year listed twenty-one emigrants: six got married to outsiders and settled elsewhere, four had gone away as soldiers, another four as students, two as labourers, and the rest as cabman, watchman, and as a coffeehouse proprietor.” p. 128*

- *“With Sofia, a city of over a quarter of a million people, only five miles away, the ability of the villagers to resist, however passively, the influence of the ‘people of the world’ was astonishing. It was a remoteness not to be measured in miles but in generations.” p. 142*

- *“In a family-based society, whether it is in the Balkans or China, life is largely customary and traditional. Individualism is discouraged because of the crisis that the ‘unusual’ person would create in the daily routine. People prefer a dead uniformity, or living of the best toward the mediocre. The family plays the leading part in this task of moulding an individual into the accepted pattern.” p. 142*

- *“Furthermore, economic life was focused on the family. Since family members grew or made most things they need by themselves, they depended on stores, factories, and other commercial agencies only to a minor degree. The family was the unit for production, distribution and consumption. This was one reason why village families could weather so many wars and so many depressions: they were able to satisfy most of their immediate needs at home.” p. 142*

- *Due to the fact that recreation and economic life were personal matters, the family-based society had little need for much reading and writing. p. 146*

- *The largest grocery store had stock worth approximately \$200 (which I calculated carefully) – There is a very illustrative inventory of a village shop in the appendix of the book, p. 148!*

- *The reasons for buying from particular merchants were more family-related or depended more on credits than on the quality or prices of the goods (see p. 149).*

- *The capitalistic motive of profit was, in the minds of many villagers, strongly linked to being the urban businessman, in spite of the fact that the villager who owned his land is also a capitalist. ... Land was not something to be bought and sold for money without emotions. It rather was a means of living, an extension of oneself and one's family. p. 150*

From the perspective of ordinary Europeans of the twenty-first century, this probably is an attractive society: those people ate healthy food, kept their families together, knew each other and helped one another. They even produced their own entertainment. Marxists would say that those people were not alienated. The non-market, subsistence economy is a fascinating world, and it is hard not to start idealising it. There is no doubt about the fact that by way of our genes and social habits we still carry on the legacy of non-market subsistence life of our grandfathers. Besides, it seems that most of the problems which exist in the Balkans today did not dominate the societies of the Balkans in the mid-nineteenth century. However, we will waste neither time nor energy by explaining all segments, the functioning or the internal logic of such a society.²² The object of this research is the “bad” Balkans, not the “good”.

Balkan in troubles?

The Balkans were predominately agricultural, and there was predominately subsistence farming. Land had always been there as a source of stable and secure life. I have explained before that subsistence farming was often considered to be an underdeveloped market, but it was not necessarily a bad place to live.²³

However, the agricultural structure was not a stable element. The structure of land property changed in the Balkans over time and became a source of instability for the peasant society. During the late nineteenth and especially the first half of the twentieth century, a certain agricultural structure, which we call agricultural overpopulation, in most of the regions of the Balkans (above all in Serbia, Bosnia and Bulgaria).

“The total population of Serbia, according to the 1895 census, was 2,312,484 –319,375 (or 14 percent) of which were urban, and 1,993,109 (or 86 percent) were rural. The population occupied in agriculture was 1,932,660, or 84 percent of the total. This proportion, and the fact that agricultural produce represent between 80 and 86 percent of total exports, show that Serbia is by nature a purely agrarian country.

As to the property in land, the farm census of 1897 gives a total of 375,196 households, 293,421 or 78 percent of which possessed their own land. Of the total rural population, nearly 90 percent owned land. Almost every peasant was an independent proprietor. There was no class of farm-tenants, and tenancy was seldom found, apart from market-gardens which are rented on a crop-sharing basis.

As for the distribution of ownership, Serbia is a land of medium-sized and small properties: there are no large estates as exist in other countries. The largest proprietor is the state, which owns 2.3 millions hectares, or 48 percent of the area, mostly forest.

²² The literature about subsistence agriculture and the non-market society can broadly be divided into two groups: economic analysis and witnesses. The most profound economic analyst is a Russian agricultural economist: Tchajanov. However, it also makes sense to look at the economy of subsistence agriculture. Henri Mendras offers a very good sociological introduction to the problem. Reading quality literature and memoirs is probably the best introduction to the life of subsistence peasantry. Irvin Sander's Balkan Village is a very nice try of an outsider, poisoned by subsistence agriculture, to obtain a sociological analysis of such the society in his “Balkan village”.

²³ Stability and security which offer a lot of land is deeply rooted in the culture of Eastern Europeans. In most analyses of agriculture, you find noted the fact that five to ten hectares of mixed agriculture (based on mais, some cattle and garden) could offer a distinct subsistence life.

Private persons account for 2.5 million hectares. This total also included communal and church property; the extent of the latter is small, amounting to only 23,889 hectares, but the area of common land is large, though its extent is unknown.

*In addition, Serbia is a land of small farms, the average farm size being 8,6 hectares. The largest number of farms is in the size group between two and five hectares. Fifty-five percent of the total, or 160,695 farms, comprise less than five hectares, and 73 percent of the farms are between one and ten hectares in size. Only 86 farms, or 0.023 percent of the total exceed 100 hectares.*²⁴

This short analysis shows the specific agricultural structure which we usually call 'agricultural overpopulation'. But what is agricultural population?

Doreen Warineer said:

"When I see two shepherds and three dogs look out for thirty sheep I call it agricultural overpopulation."

A more precise definition was provided by Joso Tomasevic:

*"Agricultural overpopulation is a situation when there are more than 80 persons depending on an agriculture on 100 hectares of cultivated land (a ratio which assures a decent standard of living in South Eastern Europe)."*²⁵

Due to the fast growth of the Balkan population and due to the fact that they all stayed in their villages, the population per village passed that limit in most Balkan regions.²⁶

*"An increased number of people on the land meant a relatively lower number of producers and more consumers per land unit. The inescapable consequence of this development was that the portion of current income for consumption had to be increased, while the portion that could be saved and invested in the improvement of production techniques had to be reduced.... An growing population combined with a decreasing ability to invest, i.e. also a decreasing ability to increase production, results in a vicious circle which is typical of all areas suffering from agricultural overpopulation. If the low current income (production) is incapable of satisfying the minimum needs of the peasants, the consumption of the capital substance of the rural family begins with a cutback in livestock, soil, farming implements, household utensils, and so on, but, above all, with a cutback in human capital namely in the form of reduced health and working capacity. The unavoidable result of agricultural overpopulation is thus the lowering of the peasants' standard of living."*²⁷

Agricultural overpopulation resulted from the fast growth of the population. This is not the place for a long discussion about the reasons for the fast growing Balkan or world population²⁸, so we will concentrate on some statistical data. In 1934, the Serbian population was made up of approx. 700,000 people. It increased to 1,350,000 by 1974 and 2,500,000 by 1900. In 1910, it even reached the amount of 2,900,000. The population of Bosnia increased from 1,150,000 in 1880 to 1,900,000 in 1910.²⁹ Similar to this was the development in Bulgaria, where the population rose from 2,823,000 in 1881 to 4,221,000 in 1909 – that was an increase of almost fifty percent within only 28 years, i.e. the growth rate was 1.7 percent per annum.

²⁴ M. Jovanovic, *Die Serbische Landwirtschaft (Serbian Agriculture)*, Munich, 1906, p. 25

²⁵ See Joso Tomasevic, *Peasants, Politics, and Economic Change in Yugoslavia*,...pp. 315

²⁶ By using Moore calculations, the surplus of the agricultural population in the early 1930s was 53 percent for Bulgaria, and 61.5 percent on average for Yugoslavia.

²⁷ Joso Tomasevic: *Peasants, Politics, and Economic Change in Yugoslavia*,...p. 319

²⁸ However, we have to note Tchajanows' observations about the economic logic of peasants to have more children.

²⁹ Tomasic Dinko, *Zakoni porasta stanovništva*, Beograd, 1929, p. 16. 17. 25

The growth of the population would not be a problem if there was a chance to expand the land area or the possibility for the population to emigrate to less populated regions or find employment outside the agricultural sector. Initially, peasants expanded arable land by clearing forests, but this reached its economic limits very soon.³⁰ In the Balkans, most of the “new” population stayed in villages. Consequently, the growth of the population led to the fact that more people lived on the same quantity of arable land – something that turned into agricultural overpopulation.³¹

In this context, we can talk about micro-economic and macro-economic consequences of the agricultural overpopulation. Micro-economically speaking, we have to note an impaired standard of living on the part of the peasants as well as a shift from a subsistence and non-competitive society towards an dissatisfied village. Dissatisfaction then results in alcoholism, depression, the decline of social values, and being afraid of the future – all of which is well-known to the visitors or writers who have experienced the Balkans. The overpopulated subsistence economy was a great barrier for the development of human capital, which is one of the most important elements for economic and social development. Being welded to their small properties, having no experience in neither trade and industry nor the monetary economy and capitalistic micro-economy, Balkan peasants moved further towards decline. In the nineteenth century, there was a profound difference between a free peasant in Serbia and another one in Bulgaria, living on the level of subsistence but not under the pressure of the agricultural overpopulation and his grandson who kept most habits of the subsistence economic even a few generations later, but who was limited to his small property, where the family income was additionally reduced by expanded consumption habits. Any traveller’s impression about the free and healthy people of any nineteenth-century village was exchanged by an impression that showed no future for the villages and the problem of alcoholism.

The agricultural overpopulation had macro-economic consequences, too. While the subsistence peasantry did not have much to buy or sell mostly due to a lack of transport facilities, the overpopulated village was not able to buy or sell, or pay taxes at all. As a result of the over-consumption of their resources and products, it became less and less possible to include the villages in the market economy.

This chapter about the development of agricultural technology in Serbia during the first years of the twentieth century shows how difficult it was for overpopulated villages to buy and to grow:

“The high cost of the iron plough in relation to the small size of the farm and the low price of farm produce is an obstacle, as the peasants themselves emphasised, and yet another is the shortage of skilled workmen capable of undertaking repairs. Three forms of ploughs are in use:

The most primitive is the scratch plough (or ard) which lightly breaks up the surface of soil without turning it, and so gives a poor return.

³⁰ In addition, the strengthened state, which was usually represented by a main forest owner, was a barrier for the clearing of the forests, too.

³¹ The problem of the agricultural overpopulation attracted the attention of numerous agrarian economists, especially during the inter-war period. Not surprisingly, economists tried to develop methods for measuring the agricultural overpopulation. This difficult task and its methodological metamorphoses were presented in Joso Tomasevic’s “Peasants, Politics, and Economic Change in Yugoslavia”... (pp. 310-320). However, if anybody is interested in the subject, you have to take a look in Wilbert E. Moore’s “Economic Demography of Eastern and Southern Europe” and Doreen Warriner’s “Economics of Peasant farming; The Royal Institute of International Affairs, Agrarian problems from the Baltic to the Aegean”... As for regional differences regarding agricultural overpopulation see Otto von Franges’s “The problem of Relative overpopulation in Yugoslavia”; Rudolf Bicanic’s “Agrarna prenapucenost” and Anton Melnik’s “The Density of Population in Yugoslavia”.

The wooden plough is an advance on the above in that it turns the furrow and goes deeper, but owing to its weight it requires twice as much draught power as the iron plough, which should replace it.

The iron plough, now coming into use, achieves much higher yields because it turns the soil and ploughs much deeper.

At present, there are 96,514 scratch ploughs, 34,859 wooden ploughs, and 65,792 iron ploughs in use, so that the most primitive type almost outnumbers both of the others together.”³²

This data highlights how difficult it was for peasants to buy something so important as a plough. There is no doubt about the fact that the process of capital accumulation and economic growth was extremely slow in the agriculturally overpopulated Balkan regions.

There was another important process which additionally worsened the economic situation of the villages. Before the second half of the nineteenth century, Balkan peasants mostly lived in family co-operatives called “*zadruga*”. Splitting up the *zadrugas* was a complicated process, including significant regional differences which resulted in the division of properties and redistribution amongst the peasants’ sons.

Consequently, there were smaller economic units which had lower reserves and smaller plots of land and which were economically less useful. After the division of the *zadrugas*, this process continued. Different parts of the land had never been of equal quality, so mostly each plot had to be subdivided.³³ One of the results was the fragmentation of the land. In 1906, the fragmentation of the land in Serbia entered the extremes, with an average of 14 parcels per farm.³⁴ Similar situations were true for Bosnia and Bulgaria.

Another consequence of dividing the *zadrugas* was the fact that the model of a conservative co-operative family was changed to one consisting of a smaller family unit which was more open to the outside world. It was much easier to keep a high level of subsistence in a patriarchal co-operative than in a single-family unit. Such unit had to open up to the monetary economy.

Zadrugas persisted until as late as the 1880s The zadruga supposed to be a source of plenty and happiness to its members. During an interview, an aged peasant listed the advantages of this joint family compared with the modern family for me. First of all, he said it had a great economy. The members had only one lamp, one stove, and one of everything, but now the same number of people living separately require many of the same things. Secondly, he mentioned obedience. The young people respected the old. This made for efficiency, since the “stopanin” was like ‘a general in the army, directing the young’. Finally, he concluded that all people worked together and could earn more, thus becoming richer.”³⁵

“Every year there were a few Dragalevtsy people involved in long lasting lawsuits originating in the division of inherited land. Often fees for lawyers used up a great part of the value of the property. ...The most serious conflicts in the village arose when there was disagreement regarding the division of the patrimony. Brother turned against brother, and whole families became involved in the dispute.”³⁶

“The large families started to break up after the wars. The chief reason for that was the daughters-in-law. Many of them came from different places and even if they came from

³² M. Jovanovic, *Die Serbische Landwirtschaft*, Munich 1906

³³ It was part of a peasant’s risk management policy to keep his land in few distance plots under different crops. Only when these plots became too small we can talk about economic non-usefulness.

³⁴ M. Jovanovic, *Die Serbische Landwirtschaft*, Munich 1906

³⁵ *Balkan Village*, p. 65/66

³⁶ *Balkan Village*, p.55

*the same village, they began to care more for their own children and focused more on making things for themselves without letting the others, whom they lived with, know about them... .”*³⁷

*“This shift from the large patriarchal family to the small conjugal family was having consequences which few of the peasants realised. For one thing, in comparison with the larger group, the conjugal family, which consisted of parents and their unmarried children, has a short life. It ends, in a sense, with the death of one of the spouses.”*³⁸

*“But this change need not to be viewed as entirely unfavourable. The smaller unity was bringing about a more intimate relationship between members, breaking down the formalism between parents and children and encouraging democratic living.”*³⁹

Any way out?

There are numerous possibilities and measures which could be used for resolving the problem of agricultural overpopulation, such as emigration to countries abroad, migration from rural areas to urban centres, birth control, enlargement of cultivated land, the growth of productivity through the modernisation of agricultural technology, improvement in quality of agricultural products and in their marketing as well as industrialisation.⁴⁰

The surplus of the agricultural population could be absorbed by the industry and the trades – sectors which we usually consider to be secondary sectors of the economy. In the Balkans this was not possible. The macro-economic problem of the subsistence agriculture was the fact that there was no stimulus for the development of higher sectors of the economy. Subsistence peasantry had very limited purchasing power, thus limiting the development of a domestic market.

*“The agent of a number of English mercantile firms recently complained to me that he found it impossible to push business in the Principality. When asked concerning the reasons for his failure, his explanation was that the great mass of people had absolutely no needs that they were not able to satisfy by themselves. A Bulgarian peasant needed extremely little, and this he took from the produce of his own land. The average cost of a peasant’s daily sustenance did not exceed two pence.”*⁴¹

Industrialisation as solution for the problems of agricultural overpopulation was blocked due to a very restricted domestic market and weak communications to external markets.⁴²

Here we have one observation about Bulgaria in the late nineteenth century:

“The following statistics have recently been published, giving, I believe, an accurate account of the various industrial enterprises as yet established in Bulgaria. There are already:

54 woollen factories

36 printing offices

8 distilleries

2 ink manufactories

2 dyeing works

1 basket factory

³⁷ Balkan Village, p. 70

³⁸ Balkan Village, p. 70

³⁹ Balkan Village, p. 71

⁴⁰ For an excellent analysis of the limits and opportunities of measures against agrarian overpopulations see Joso Tomasevic’s “Peasants, Politics, and Economic Change in Yugoslavia”, ... pp. 326-343

⁴¹ Sir Edward Dicey, The peasant State, London, 1894, p. 40

⁴² The industrialisation of Bosnia was a fortunate combination of the exploitation of natural resources with the inflow of foreign human and financial capital, buildings of railways and the fact that the state cared much about the economic development. For this, see an excellent study by Peter Sygar, “Industrialisation in Bosnia”.

92 cigar and cigarette factories

28 cotton mills

8 soap works

1 silk factory

17 breweries

2 paste manufactories

23 wool-carding works

16 flax works

3 pottery works

1,206 cord and string works

66 steam and water mills

2 powder mills

23 saw mills

55 tanneries

2 snuff factories

Thus, in a country of over 3,500,000 inhabitants, there are only 1,647 factories or works of any kind important enough to deserve recording, even a list published in the official organ of the Government, and intended to demonstrate the great industrial progress which has been made of late years. It may be added that 1,206 of these 1,647 factories are small rope-walks, so there are only 441 factories which, in our use of the word, would be deemed worthy of being so described....”⁴³

One of the problems for the economic development of underdeveloped countries was the question of human capital and economic-political forces that were able to run the country in order to assist the economic development. A witness explains the following:

“After the liberation, certain conditions undoubtedly favoured the creation of a primarily industrial agriculture: raw materials and a diligent, energetic population. But many other conditions for this were still lacking: there were no coal mines under exploitation; railway and road networks were poorly developed; towns were small, while villages and even most of the towns had not yet become fully integrated into the processes of commercial economy, and in general the internal market for industrial goods was very limited. Moreover, the competition on the part of an advanced foreign industry kept increasing and proved to be a great obstacle to creating local industry.

Finally, there was no independent, systematic protective policy for the industry.... The concentration on the political and administrative organisation of the young principality, and also the various political struggles and controversies thus absorbed states that they had little chance of paying much attention to problems of economy or economic policy. There were very few persons trained or competent enough to direct a sound, consistent economic policy.”⁴⁴

The easiest solution for the surplus of the agricultural population was emigration. However, emigration from the Balkans was not as easy as emigration from Western or Central Europe due to the lack of communication.⁴⁵ Continental migration to less populated regions was more important for the Balkan people. Temporary migrations were a significant factor of this development in Bulgaria. Bulgarian gardeners, who initially began to make up a considerable group thanks to the small geographical distance from Istanbul, also moved to many other towns of Southern and Central Europe. They did not

⁴³ Sir Edward Dicey, *The peasant State*, London, 1894, p. 185

⁴⁴ K. Bobchev, *Promishlena politika* (Industrial policy), Sofia, 1932, pp 140-46

⁴⁵ Here we have to highlight difference between regions which had easy access to the Sea and main sea routes and central Balkans from where emigration was much more difficult.

only bring their earnings back to Bulgaria (which did not seem to be insignificant)⁴⁶, but they were also in touch with other countries and cultures, thus improving the human capital of Bulgarian villages towards a more monetised economy. Similar effects appeared through other migratory workers, such as carpenters, harvest workers (who usually went to work at large estates in Romania), and many others. It seems that internal migration as well as foreign settlers were the main sources of human and financial capital in the pre-modernised Balkans.

It is obvious that these internal factors of the economic development were too weak to resolve all problems of the Balkans. At this point, we have to start thinking about the influence of the external world on this region. We have to begin our analysis with a few digressions concerning economic geography.

The geographical requirements of an ideal market

Economic geography of the Balkans influenced the economic past of the region to a much greater extent than we usually think. Besides, the economic geography of the Balkans was also a decisive factor that turned the modernisation of Balkans into such a painful process.

How would the geography of a region have to be in order to assist economic development?

The first requirement is a high level of economic integration. In order to obtain this, it would be best if the region is a valley or plateau which is neither very big (like France) nor too small. Natural barriers, which isolate a region from the rest of the world (e.g. the sea surrounding England or the mountains in case of the Bohemian valley), are additional stimulants for the economic integration of a region. The geographical structure has to provide easy and cheap transport (plane terrain, navigable rivers), but it has also to be heterogeneous as for natural and human resources, which generally stimulate the exchange of goods within the region. Furthermore, political and social homogeneity (same language and religion, and the lack of state borders) would have fruitful effects on economic integration.

A region does not have to be economically isolated from the rest of the world. It is best if there are some good connections to a larger market or world market so that the surplus of some goods or natural resources could be easily exported. For this, seaways, navigable rivers or railway networks can be very useful and thus are a necessity.

If a region is neither too big nor too small, and if it has good export possibilities, it could develop into a regional economic and political centre, which would then concentrate economic fluxes of the region (such as London for England, Prague for Bohemia, Budapest for Hungary...). This town would be a place of capital accumulation (both financial and human capital), and such a centre would become the driving force of the economic development of the region.

Each deviation from the “ideal” circumstances usually has a negative impact on the economic development. The integration of the market might be restricted by political and social circumstances (language, national or religious heterogeneity, political fragmentation), an expensive transport infrastructure, a lack of economic heterogeneity and many other factors. If a region is too big, it will develop quite a few economic and political centres which then might not only compete against one another but also become centrifugal forces counteracting the concentration of economic and human capital. If a region is too open to the surrounding economies, especially to stronger ones, the competition in goods and services can become a barrier to the development of the regional production and to

⁴⁶ See I. E. Geshov, “Nashite gradinski druzhestva” (Our Market-gardeners Associations) in *Periodichesko Spisanie*, Sofia, 1888, vol xxvii, pp. 328-41

capital accumulation. If a region is too small, it will not develop enough strong economic centres which could actually be competitive enough on interregional markets and even on the world market. A lack of connections to the neighbouring or world market will redirect the region's economy towards a more subsistence production, thus cutting off the possibility of capital accumulation through international trade.

It seems that the Balkans had to deal with most of the barriers listed above while trying to become a healthy and well-marketised region.

“The Balkans” is a term referring to South Eastern Europe. This term came from the mountain Balkan, which is situated in the middle of the region. Most of South Eastern Europe is mountainous – a fact that was a significant barrier for the transport of goods and people.⁴⁷ The mountains were so high that it was not only difficult to integrate the region in an economic sense, but they also stimulated self-sufficiency. Political boundaries as well as national, religious and language heterogeneity were some further obstacles for the exchange of goods and people. The internal markets of the region were usually limited to small or middle-sized valleys surrounded by a mountainous area. Consequently, capital accumulation in the economic centres of such small regions was not very high. At the same time, most of the region lacked good connections to bigger regional or world markets. To some extent, Northern Serbia and Bosnia were attached to the Panonian Valley⁴⁸ and Eastern Bulgaria to the Black Sea, but there they entered markets of similar that traded similar goods. There were some natural resources which could be exploited and exported in order to provide resources for the economic development. However, in order to organise their exploitation, transport facilities and the concentration of capital were needed. One of the main problems of the Balkans, though, included difficult and expensive transport conditions.

“It cannot be emphasised strongly enough that the first requisite for the improvement of the production of a subsistence economy is the provision of transport. Fertilizers, improved strains of seed, education and other factors are all of great importance, but the need for transport is a priority. ... If there is to be any improvement in an agriculture which at present only provides for subsistence, the right type of crop, which can be sold, must be cultivated. The process of selling includes transport to a market. The methods available to subsistence agricultural populations are so costly that produce only has to be carried a limited distance before most of its value, from the point of view of net return from the sale, has gone.

We measure the cost of performing transports in terms of kg-grain equivalent / ton-km. When, as in extreme cases, over 30 kg of grain equivalent have to be expended in order to get one ton-km of transport performed, it is clear that transporting grain to a market,

⁴⁷ “Two-fifths of the territory of Yugoslavia is poor and barren land, lying in the Dinaric chain which separates the ports of Dalmatia from the fertile plains and mineral resources of the interior. This great barrier and other mountain ranges, while hindering economic development, yet at the same time provided a refuge conserving traditions and institutions, so that the population had long been distributed in relation to social security rather than economic resources.” Phyllis Auty, *Yugoslavia in: the introduction of Doreen Warriner's Contrasts in Emerging Societies*, London, 1965, p. 285

⁴⁸ The economic life of Serbia will be determined by the importance of the Danube market and different political and economic projects which are intended to cut off Serbian dependency on the North. Even Belgrade, the capital, is not situated anywhere in the centre of the country but in the North, on the Danube. Most of Serbia's actions of expanding involved the development of trade and transport towards the world market through Macedonia, Albania and Montenegro.

The market of Bosnia and Herzegovina was internally weak (mountains, a nationally mixed population, a lack of cheap communications). Nevertheless, it was stimulated through very good connections to bigger markets (e.g. the Austro-Hungarian market in the North and South) and the connection to the world market via the Adriatic Sea).

even over a distance as short as 20 km, is economically out of the question – the costs of transport would have taken three-fifths of its value.

Even in the poorest and most primitive subsistence economy, a man must at least be well-fed for the arduous task of carrying heavy loads all day – and also fed for the journey back. These requirements alone create a fairly high minimum cost, measured in kg-grain equivalent / ton-km. ...

For very poor countries, pack animals do not represent any great saving compared with human portage – the cost of maintaining the animal is high in relation to the price of labour. A horse is the most expensive animal to maintain and the costs for it are correspondingly high.

The essential role of transport is to permit the exchange of goods between the cultivators and urban centres, whereby it becomes possible (and without which it would be impossible) for the economic position of the cultivator to rise above subsistence level, consuming locally grown food and simple handicrafts produced in his own village, and practically nothing else; while with a lack of transports, towns could not exist at all.

The continuous production of goods for distribution to a large market absolutely depends on reasonably cheap transport.”⁴⁹

However, constructing transport facilities in the Balkans was expensive. It is not surprising that the main market product in the Balkans was cattle – it transported itself.⁵⁰ However, it is obvious that the Balkans are not isolated from the rest of the world. Still, connections to the world, or rather the globalisation of the Balkan economy, only partially resulted from the acting forces of the Balkans.

⁴⁹ Colin Clark, and Margaret Haswell, The economics of Subsistence Agriculture, New York, 1967, p. 179-199, selection

⁵⁰ In contrast to many other agricultural regions, where capital accumulation (and consequently the economic development and concentration of political power) was based on the production of grain, the problem of cattle trade as source of capital accumulation is that it does not lead to the concentration and stabilisation of economic and political power.

Hu-Huuu, civilisation is coming!!

The economic geography of the Balkans was a great barrier for the economic development of this region and for its connection to the European and world market. However, the building of railways changed the situation of relative isolation of the Balkans, thus having a very strong impact on the economy and society there. Peter Sugar considers the railroad boom of late nineteenth and the beginning of the twentieth century to be a result of political pressure on Balkan countries through the Treaty of Berlin. He believes that the economy of those countries was not strong and developed enough for such a big economic and political change.

*“Railroads would have been built in the Balkans even without the Berlin Treaty. As a matter of fact, several important lines had already been constructed by 1878. The pattern linking the peasantry to railroad construction, both as a worker and a supplier of at least some of the required capital, was set by these pre-Berlin building projects. Something that the Treaty of Berlin produced was, however, such a rapid proliferation of railroads and, once they were in operation, large scale dumping of cheap industrial goods, so that it created huge national debts, changed the nature of the Balkan markets and economies, while preventing the industrialisation which these debts and changes demanded.”*⁵¹

So, building the railways had to be paid by the Balkan economy, though initiated through foreign capital. It seems that it was a little bit too expensive for the Balkans since the results of this were not very good:

“At present, Bulgaria is traversed by two main lines of railway, both going from east to west and having no connection with each other. The first and eldest is the Varna-Rustchuk Railroad, which was built some 25 years ago by an English company and which was constructed to provide direct and rapid access to Constantinople from Western Europe, not so much involving the idea of developing the then almost dormant resources of the country which it traversed.... After protracted negotiations, the Varna-Rustchuk line became the property of the state at a cost of £ 1,876,000, an amount that was raised by one percent state loan: so that, taking into account the price at which bonds given in exchange for the issued loan and the cost of commission, the purchase must have amounted to close to £ 2,000,000 for Bulgaria. Since the line is only 140 miles long, it must have been bought at the average price of £ 14,000 a mile: not a bad price for a line which, up to then, had barely paid its working expenses.

... the Tsaribrod-Vakarel railway, which formed the final connecting link in the direct line between Constantinople and Vienna. The line was completed in 1889, at a cost of £ 1,200,000 – which was provided by a fresh loan of about the same amount. Unlike the Varna-Rustchuk line, the Tsaribrod-Vakarel line was of immense service to Bulgaria, as it enabled the country to have direct communications with Western Europe, and above all with Austria.”

As for the present, the Bulgaria needs a big railway line which could establish direct communications between the north and south of the country. The Oriental railway and the Rusctchuk line, on the other hand, already provide for communications between the east and west in a fairly good way. However, these two lines are not connected by any railway (connection was made by the completion of the line from Sofia to Shumen in 1899). If you want to go from Sofia to Rustchuk, a distance of no more than 150 miles as the crow flies, you must either go to Constantinople or Bourgas by train, proceed hence by steamer to Varna, and re-cross Bulgaria by train to Rustchuk: or, if you prefer to go entirely by land, you have to make an enormous detour via Belgrade, Szeged, Orsova,

⁵¹ Peter Sugar, Railroad Construction and the Development of the Balkan Village in the Last Quarter of the Nineteenth Century, p. 497

and Bucharest to Giurjevo, a town located just opposite of Rustchuk on the northern bank of the Danube.”⁵²

In a more simplified way, we can therefore say that the Balkan railways did not make the integration of the Balkan markets possible but nevertheless provided economic contacts with the West. These contacts had a profound and interactive impact on Balkan agriculture and trades, which were the bases of life for the majority of the Balkan population, but also for the economic position of the nation.

“Compared to other sectors of society, the peasantry was, in many respects, worse off in 1914 than it had been in 1878. While numerous reasons account for this development, the railroad played a significant role in the process that alienated the peasantry from the governments and other social classes. It produced the ‘antagonism’ between the urban and the rural population (that) replaced the centuries-old antagonism between the peasantry and the feudal class.”⁵³

“The cause for this development was the desire of the ruling institutions to ‘catch up’ with the rest of Europe. This was a very expensive, and, as it turned out, hopeless undertaking. The peasantry, lacking the advanced skills needed in a modern industrial society but constituting around 90 percent of the population everywhere and producing the overwhelming share of the gross national income, had to pay for their countries’ attempts to transform themselves from ‘Near Eastern’ into European states. Much of the new burden placed on the peasantry’s shoulders and a drastic change in its daily life were the results of the construction and later the existence of railroads.”⁵⁴

In such a complicated process as the westernisation of the Balkans, it is hard to say which elements of society changed first because of the railways. The westernisation of the Balkans has been a long-lasting process. The contact with the West, or rather with economically more advanced economies, is not something that started overnight. Merchants and trade lines all across the Balkans kept the connections for centuries. Occasionally, talented individuals or political and economic emigrants travelled around, thus getting formal or informal education all over Europe. It was those initial contacts with the West that produced the first generations of South Europeans who brought back elements of Western culture, information and ideas back home. Their number was small, though, and they were able to become political leaders or ideologists of the westernisation of the Balkans. However, the question of our interest is when and how the broader population finally got more in touch with the West.

Towns were popular meeting points – not every town, but any town that was open to westernisation. Two crucial factors for the westernisation of the Balkans were the establishment of the railways and the liberation from the Turkish Empire.

The latter and the fall of old political elites created a vacuum in many ways. First and foremost, the political structure had to be filled with new people – some of them were political emigrants who had lived or had been educated abroad. The immigration of foreigners from the West was much more significant than during the era of the Turkish Empire (especially as for Bosnia). That is to say that, for the Balkans, an important consequence of the liberation from the Turkish Empire was the de-orientalisation of the elites.

However, the most important impact originated in the railways. They were built to carry goods and people. The mobility of people and the improved security of travels changed significantly due to the creation of the railways. It also profoundly changed the economic

⁵² Sir Edward Dicey, *The peasant State*, London, 1894, p. 185-211

⁵³ Tomasevich, *Peasants*, p. 176

⁵⁴ Peter Sugar, *Railroad Construction and the Development of the Balkan Village in the Last Quarter of the Nineteenth Century*, p. 492-493

and social lives in the towns. The West came much closer than ever before. The railways somehow made democratisation part of economic life. Western goods and merchandise came easily to the Balkan towns. Trade was simplified to a great extent.⁵⁵ The political change due to the liberation also shifted the social taste towards the West. And within only about one generation, clothing as well as many other little habits changed from Oriental to Western style.⁵⁶

It seems to me that the first victims of this westernisation were the old economic elites and domestic tradesmen. The weakened domestic trades and the shameful introduction of industry to the domestic market could not compete with goods that arrived by train.

“Even before the liberation, the decline in Bulgarian artisan crafts had already become noticeable. This is explained by the progressive association of Turkey with the European economy. The first factors in this process were the establishment of Danube navigations after the Crimean War and then the construction of the first railroads in the European part of Turkey: Cerna Voda-Kyustenya (1860), Ruse-Varna (1867) and Constantinople-Sarambey with branches to Yambol and Dedeagash (1872). The competition of European goods superior to the products of our craftsmen in elegance and cheapness, if not in quality, began to dominate not only Turkish, but also Bulgarian habits of consumption.... After the liberation, the position of craftsmen continued to deteriorate for several reasons: the closer commercial relations with Europe, coupled with the restriction of Bulgaria’s import tariff to a level of 8 percent ad valorem, a considerable contraction of the market, as Bulgaria became a separate political entity; the mass emigration of Turkish population, changing tastes and the urge toward Europeanisation and finally the growth of local industry.”⁵⁷

The towns were the places from where information and the spirit of westernisation spread to the villages. It was not a very fast process, and I ask myself to which extent it happened at all before the Second World War. Villages remained closed to the westernisation because westernisation was de facto marketisation. Balkan villages had not adapted the Oriental culture before their contact with the West – they had their own subsistence culture. The habits of consumption on the part of the peasants did not shift from Oriental to Western because the habits of consumption were generally very low anyway. Petroleum, salt, a few iron tools – these were not things that were subject to neither Oriental nor Western styles.

However, we have to note another change in the lives the village people:

“This change in the life of the village is the most important change that was wrought by the railroad, but it is also the hardest to document. From writers and poets to economists, from historians to sociologists, everybody noted and spoke of the transformation of the village in the years between the Congress of Berlin and the shot that started the First World War. Proof is, nevertheless, lacking. After all, nobody kept statistics dealing with the sales at village fairs or in rural stores....”⁵⁸

⁵⁵ Local merchant did not have to be any more a very rich, courageous man with a small army of “momaks” in order to organise a caravan to Constantinople, Dubrovnik or Zemun. It was enough to have some capital, education and fill the order from travel agent who came by train.

⁵⁶ This was an interesting process that has not yet been indulged on enough in literature, so it seems. There is some literature about Muslim population having problems to adjust to a changing world around them, but I am talking about the non-Muslim urban population who often had Oriental living habits prior to the liberation.

⁵⁷ K. Bobchev, *Promishlena politika* (Industrial policy), Sofia, 1932, pp 37-40

⁵⁸ Peter Sugar, *Railroad Construction and the Development of the Balkan Village in the Last Quarter of the Nineteenth Century*, p.494

*“Needing more and more money for taxes, monopolised articles, and the industrial goods he consumed, the peasant could do nothing but maximise the production of agricultural goods. His ability to do so was limited by his lack of capital, specialised knowledge, and the growing fragmentation of holdings. Nevertheless, production increased through the conversion of pastures to crop land, but when the harvest was taken to the market, villagers only obtained low prices. It did not matter who owned the majority of land, the peasant or the great landlords, prices remained low. The reason for this situation was the fact that with the growth of modern transportation, primarily railroads, grain prices in the Balkan countries became dependent on world market prices.”*⁵⁹

*“Without railroads, manufactured goods would not have penetrated the countryside as rapidly and thoroughly as they did; without railroads, the governments' obligations and, consequently, taxes would have risen more slowly; without railroads, the agricultural pattern would have changed less rapidly from subsistence to market production and from a variety of activities to the dominance of grain production for export; without railroads, the grain prices would have depended less on those of the world market, bringing the peasant a very low return for what was becoming his major and often only crop. Without railroads, the changeover to money and the market economy would have been less drastic and, in many respects, less destructive. Without the Articles X, XXI, XXIX and XXXVIII of the Treaty of Berlin this entire process would have taken a different and certainly more gradual course.”*⁶⁰

The combination of agricultural overpopulation and contact with the West profoundly changed Balkan villages. Let us see what kind of changes Sanders found in Balkan villages:

- *“Formerly, people had fields and had to do much work. Now, the fields are small. There is little work to do for them, and so people get out of the habit of working hard.”*⁶¹
- *“When I was young, I could work and get money, but now I can't, so therefore I think more about it.” [quote taken from an interview]*⁶²
- *“Formerly, people did not have to buy so much. Now, there are many who want to get more and more money.”*⁶³
- *“In Dragalevtsy, therefore, the strictly family-based society had yielded some ground to commerce. People did make occasional purchases in the village and in Sofia. They talked and thought more about money. They even valued it more highly than people had done one generation ago, but the basis of their economic life remained self-subsistent, with an emphasis on goods, not cash.”*⁶⁴
- Individual tendencies originated in education, an increase in commerce and the wars which accelerated social mobility. From an interview we get the following: *“During the war (1915-1918) and afterwards, people travelled more to other places and saw how people lived there, so we have become more modern and started dividing our estates according to the fashion we had seen. We can live more quietly and peacefully by living separately.”*⁶⁵

⁵⁹Peter Sugar, Railroad Construction and the Development of the Balkan Village in the Last Quarter of the Nineteenth Century, p.495

⁶⁰Peter Sugar, Railroad Construction and the Development of the Balkan Village in the Last Quarter of the Nineteenth Century, p. 496

⁶¹ Balkan Village p. 50

⁶² Balkan Village p. 51

⁶³ Balkan Village p. 51

⁶⁴ Balkan Village p. 150

⁶⁵ Balkan Village ,p. 69

- *“Even half a century ago, there were a few young people who wanted to give up agriculture and become artisans, chiefly because there was not enough farm work for all members of the family. But the real shift in the young people's attitude towards farming as an occupation occurred in the 1920s along with the increased importance of the school.”*⁶⁶
- *“Formerly, we were the simple people. Now, the situation is very different. Many of us go to study to be officers or priests. Many finish the fifth and sixth class in Sofia. Now, young people, if ambitious, can become whatever they want.” ... The village drunk: “Everything is better now but it is also more difficult.”*⁶⁷
- *“Many villagers considered it highly desirable to have a government pension, and so valued jobs of the state railways, state telegraph system, or postal service.”*⁶⁸

The first problem was that people were no longer able to keep their standard of living on a small property. Besides, their consumption habits continued to expand, as well as the monetisation of the rural economy.⁶⁹ The isolation from information and patriarchal rules lost most of their strength. The rural society developed its individualistic spirit more and more. The problem of the rural society was not only the decrease in income, which was linked to the agricultural overpopulation, but even more so the possibility to compare their situation with others somewhere else. At this point – when we can start talking about an idea of economic backwardness – and in this context, contacts with the West were crucial for the time of developing a sense about the backwardness of the Balkans. At the same time, this was the beginning of the real economic development in the Balkans. Subsistence economy had not stimulated growth, but once this economic system started to open up to the world market, the prerequisites for the economic development were given.⁷⁰

However, free ownership of land, commercialisation of agriculture, urbanisation, social mobility and a high level of literacy were necessary for a successful industrialisation process.⁷¹ The Balkan society gained free ownership of the land⁷² and social mobility, but the process of urbanisation and commercialisation of agriculture could not follow as fast. Maybe, most of the problems would have been resolved if there had not been some other impacts, such as the contacts to Western intellectuals and the westernisation itself.

Another brick in the wall

The main “tool” for Westernisation which the town used for the penetration into rural society were schools.

New state formations had to build up an administrative system. The first generations of political and administrative leaders usually got education or at least had some life

⁶⁶ Balkan Village p. 72

⁶⁷ Balkan village p. 72

⁶⁸ Balkan Village p. 51

⁶⁹ Regarding the complexity of problems due to the monetisation of the subsistence agriculture, see an excellent study by Mijo Mirkovic: Odrzanje seljackog posjeda.

⁷⁰ A very original article about the relation between the subsistence economy and economic development. His provocative starting point involves the thought that non-development is rather the rule than the exception. Arguing with Smith's theory of self-interested producers, who stimulated growth, and with the resulting theories (from Marx to Walerstein), he says that the subsistence economic situation (which was a normal agricultural situation in early feudal Europe) did not stimulate growth. Growth can only be obtained where the subsistence situation is weak and where producers must buy on the market. – Brenner, 1989.

⁷¹ Adamir 1989, Page 156, u footnoti br 4

⁷² In Bosnia, feudal relationships lasted for a long time, but in the later stages they were mixed with free peasantry. However, the natural resources of Bosnia and the exploitation of these resources after 1878 had a strong impact on the change of Bosnian society.

experience in the West. The new state elites were an interesting mixture of ex-political emigrants, members of domestic trade business and politically leading families, and specialists returning from abroad after the completion of their education there. The building of a new administrative system was not an easy and simple process, and there were numerous conflicts between old and new. In Bosnia that process was strengthened by Austrian administration and by the immigration of teachers and administrative staff, while the development of administrative and educational systems in Serbia and Bulgaria was relied more on nationals.

The most interesting propulsive elements were ex-political emigrants and highly-educated specialists. Most of them had the possibility to compare life in the West with life in their less developed countries. Their memories and life experience stored the images of large towns, wide streets, good roads and railways lines and marketised, rational villages of Germany, Italy, and Austro-Hungarian Monarchy. Once they returned to the Balkans, they had to govern illiterate, non-marketised, unsatisfied villages of Balkans. Catching up with the West, improvement of the quality of life, democratisation of society, were predominant patriotic goals of those people.

Due to the democratisation of trade as a consequence of railways, we witnessed the parallel development of local economic elites, who were able to offer some education to their children. The sons of merchants and stronger artisans were looking for additional education.

The mechanism for the development of the educational system was based on “enlightened” ideas brought by the new political and economic elites, but also by the needs of the new administrative and economic elites. The development of the educational system was an expected goal of the new state formations.

Compared to other elements of infrastructure, education is probably the cheapest one. For a school it is enough to have a building and a teacher, which is much cheaper than building roads, hospitals, let alone railways and army. Until the First World War, Bulgaria, Serbia and Bosnia and Herzegovina had developed basic educational system which was composed of numerous elementary schools, a few dozen high schools, some artisan schools and the beginnings of university education.

When the Austro-Hungarian Monarchy took over control in Bosnia and Herzegovina, there were 54 Orthodox and Catholic elementary schools with 5.913 students, 535 mektebas with 23.600 students and 40 medresas with 1500 softas and one Orthodox lower high school. Until 1914 the Austro-Hungarian administration opened 399 elementary schools, 13 high schools for boys and girls and three schools for teachers. Because of the lack of buildings and teachers, elementary school did not become obligatory before 1911. Approximately 10-12 percent of children attended elementary schools. In 1918 there was one elementary school per 160 square kilometres and per 6.330 citizens, and one high school per 1844 square kilometres and per 104.990 citizens. There were no universities in Bosnia and Herzegovina, but potential students could study anywhere in the Austro-Hungarian Monarchy.

The development of education was much faster in Bulgaria. In 1914/15 Bulgaria had 5.127 primary schools with 14.017 teachers and 617000 students, 40 secondary schools with 1052 teachers and 25.000 students, 119 technical and special schools with 732 teachers and 11000 students. The Sofia University was the only university with 74 teachers and 3.000 students. In total, 657.000 students were enrolled in educational institutions, while the population of school age people (5-19 years) totalled 1.526.000.

The development of elementary education had a profound impact on rural society of the Balkans. With regional differences, elementary education became available to most children of farmers. Schools, as well as economic migrations and movements of people

during the First World War, created first cracks in the patriarchal culture of the subsistence rural world. Literate young people were much more mobile than their illiterate parents. Also, they made contact with the town culture during their elementary education, not only learning to write and to read, but also learning culture which was different from their own.

- *«Individual tendencies were coming from education, an increase in commerce and the wars which quickened social mobility. From interview: «During the war (1915-1918) and after, people travelled more to other places and saw how people lived there, so we became more modern.»⁷³*
- *«Even half a century ago there were a few young people who wanted to give up agriculture and become artisans, chiefly because there was not enough farm work for all members of the family. But the real shift in the young people's attitude towards farming as an occupation occurred in the 1920's along with the increased importance of the school.»⁷⁴*
- *«Formerly we were the simple people. Now the situation is very different. Many go to study, to be officers and to be priests. Many finish the fifth and sixth grade in Sofia. Now young people with ambitious can be what they want to be.» ...the village drunk: «Everything is better now but it is also more difficult.»⁷⁵*
- *«Because of the school there was increased conflict between older and younger generations»⁷⁶*

It seems that the First World War was the turning point from which on we can talk about fast modernisation of the Balkans village.

Modernisation, as result of the spreading of education, was not the problem. Elementary education did not produce much useless education - reading, writing, and counting are useful in everyday life to everybody. Elementary education prepared the village for modernisation.⁷⁷ As we can see from two tables below, society did not change rapidly, and most of the population remained rural, but the level of literacy was not very bad.⁷⁸

Rural/Urban distribution of population⁷⁹

Country	Rural population	Urban population
Bulgaria (1934)	78.6 %	21.4 %
Yugoslavia (1931)	77.7 %	22.3 %
Albania (1930)	88.2 %	11.8 %
France (1936)	47.6 %	52.4 %
Germany (1939)	30.1 %	69.9 %

Illiteracy around 1930

Country	Illiterate population (Percentage of age	Males	Females

⁷³ Balkan Village p. 69

⁷⁴ Balkan Village p. 72

⁷⁵ Balkan Village p. 72

⁷⁶ Balkan Village p. 161 see good illustration about God and rain discussion between scholar and old woman

⁷⁷ In 1926 in Yugoslavia there were 7463 elementary schools with 17.047 teachers, 16.791 classes and 817.529 students.

⁷⁸ For this short statement, we will not analyse sometimes extreme regional differences in education. There is no doubt that data for Serbia and Bosnia were worst than average for Yugoslavia

⁷⁹ D. Kirk, Europe's population in the Interwar Years, League of Nations, Geneva, 1946, p. 14

	group indicated)		
Bulgaria (1934 – 10 years and above)	31.4 %	19.5 %	43.3 %
Yugoslavia (1931 – 11 years and above)	45.2 %	32.7 %	57.1 %
Albania (1938 – 7 years and above)	80, 0 %		
France (1931)	6,0 %	5.7 %	6.4 %

The next level of education comprised different post-elementary schools the intention of which was to offer specialisation to farmers, artisans and merchants. We must agree that most artisan and merchant schools played its role in the economic development of the region.⁸⁰ However, we must know that the main reproduction system and education of artisans and merchants was apprenticeship, which included minimum formal education. It seems that at least part of this education missed the target.

“The first agricultural school was established as early as 1852 in Topchider near Belgrade....But for political reasons it was closed seven years later, in 1859, and fourteen years elapsed before a new agricultural school was founded at Pozarevac in 1872, only to be closed in 1882 on account of bad organisation. Two secondary agricultural schools have since been opened, one in 1882 in Kraljevo for arable farming, the other in 1891 at Kloster Bukovo for vine and fruit growing. The former takes pupils of 14-18 for a three-year course: in 1899 it had 109 pupils, half of whom were on state scholarships. The latter had 86 pupils, of whom 67 were state scholars. Both have model farms and good modern equipment...

Unfortunately, it cannot be said that these schools have fulfilled their purpose of producing better farmers through training the sons of well-off farmers in modern methods. State stipendium holders were selected from the sons of artisans or poor peasants, who from the first intended to become civil servants after finishing their studies....So the schools produced not farmers but officials... ”⁸¹

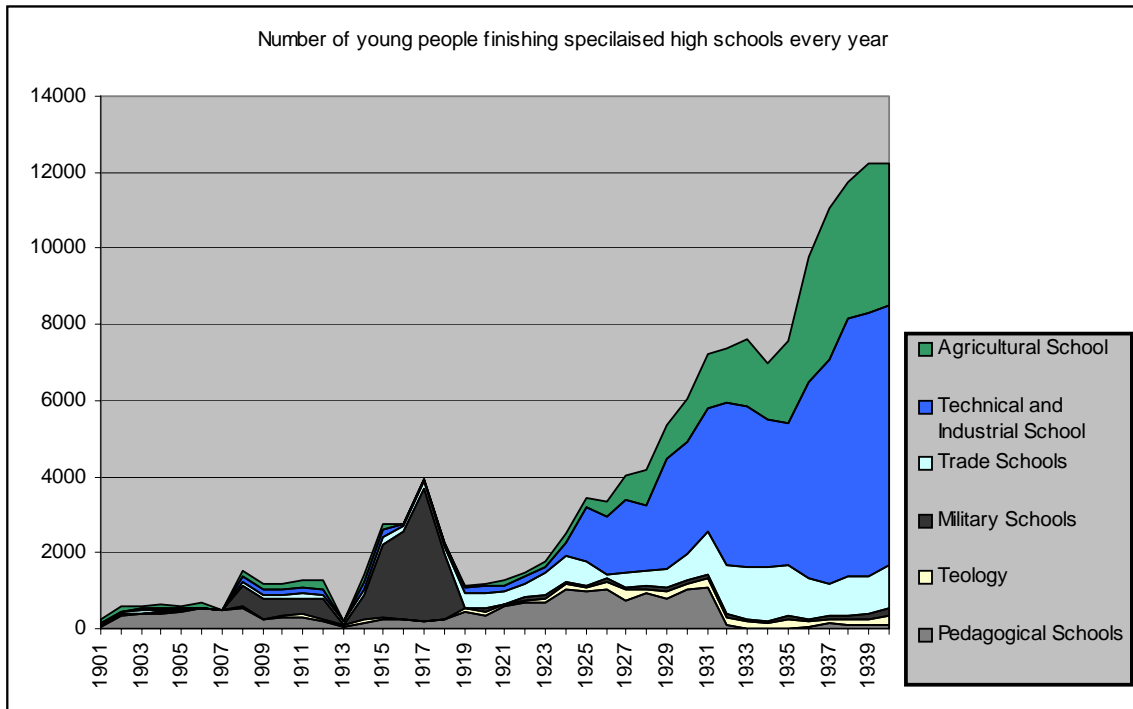
The main body of high schools in the Balkans were general high schools called gymnasia and schools for teachers. This raises the question to which extent is broad, non-practical education important for the economic development of the region. Economically speaking, those high schools reproduced administrative and educational system. Unfortunately, I have not yet been able to collect data about graduates of gymnasia in the countries of the Balkans, but their number was probably significant. People finishing those schools were future lower administrators and possibly teachers in elementary schools.

However, the data I was able to collect for Bulgaria indicate that the educational system was very dynamic and had profound impact on society. The Chart below presents the structure of young people graduating from specialised high schools in Bulgaria

Chart 1

⁸⁰ About very interesting and successful project of “production” of merchants and artisans from talented kids from overpopulated and non-marketised rural regions in Croatia and Bosnia see Damir Jelic, Sailing With the nationalist wind – the case of Serbian Bank in Zagreb.....

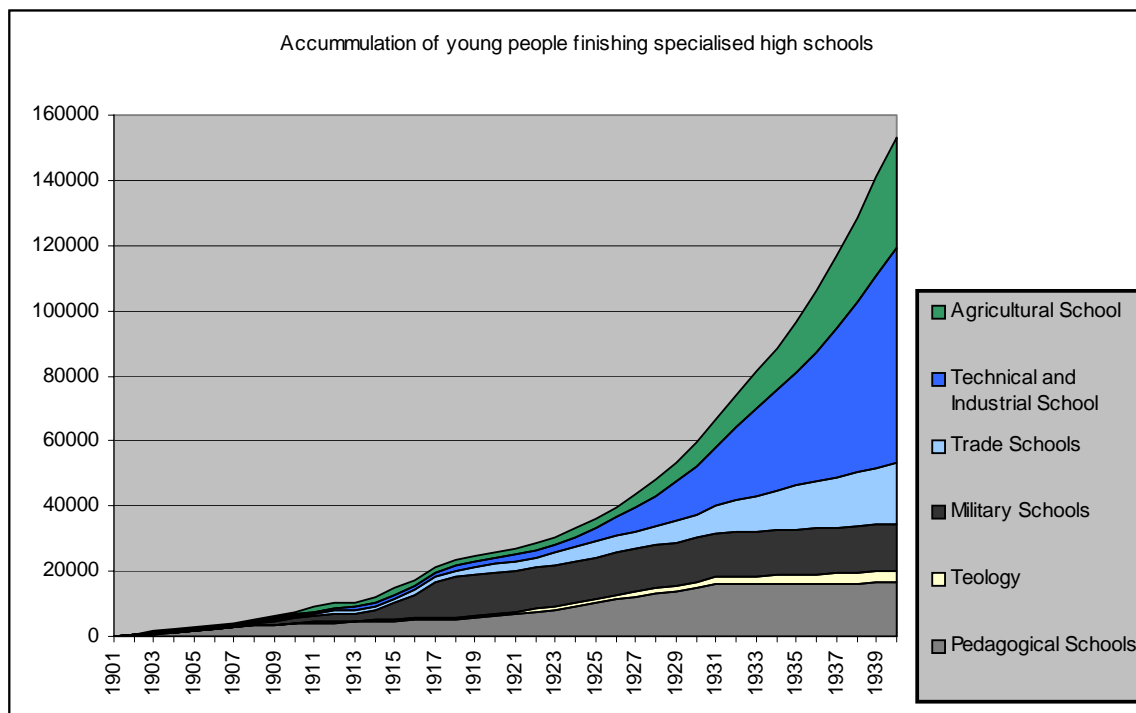
⁸¹ M. Jovanovic, Die Serbische Landwirtschaft (Serbian Agriculture), Munich, 1906, p. 93



Until the First World War, there had not been many young people who graduated from specialised high schools. Most of them were future teachers. The Balkans Wars and First World War (and preparations for these wars) saw the massive production of young officers finishing the military high school. Of course, after the war, the education of officers decreased to “normal” levels. Immediately after the First World War, we can observe increased growth of the number of graduated teachers. However, from the mid twenties on there was an increased interest in trade, technical schools and later on in agricultural schools. It seems that the high school system was rather flexible and it reflects a wide range of employment possibilities for its graduates. We have to note that initially the high number of specialists in trade did not grow as fast as graduates of technical schools. In the 1930s show a decrease in teachers’ education and a growing interest in agricultural schools

The chart below presents the accumulation of people with specialised high education

Chart 2



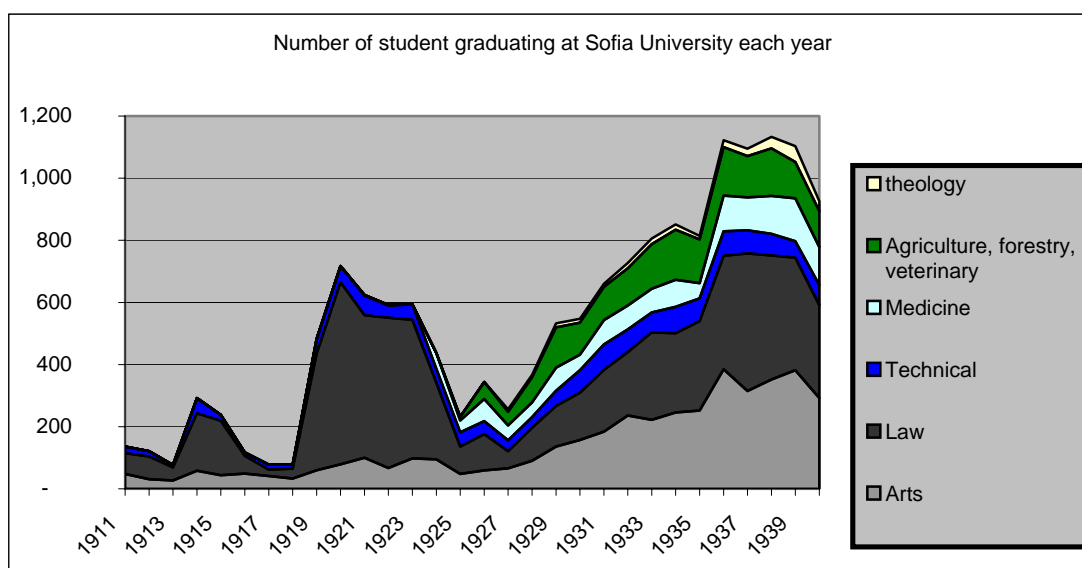
We have to keep in mind that once people finish their education and get employment, they will stay active in the field for two decades and more. Social mobility caused by the First World War pushed out many young people from the village. The most secure employment, working for the state, was provided for graduates of military and pedagogy schools (again, we are missing data about gymnasium graduates who would fill jobs in lower administration). Jobs in the state sector were filled very soon after the War, so that the more ambitious young people had to redirect their aspirations towards less secure but prospective sectors – initially trade and later industry and artisanship. A growing interest in agriculture during 1930's was probably the result of limits in employment both in state sector and secondary economic sector. Numerous agriculture and credit cooperatives, state promoted undertakings, and also the development in the specialisation of agriculture, are no doubt the consequence of such a broad movement towards agricultural education. There is no doubt that such development of education was propulsive for the Bulgarian economy – Bulgaria is well known as a country which achieved excellent results in developing agriculture based on small land allotments – something to be called modernisation and marketisation of agriculture.

Taking into account the developments in general education, there is no doubt that more ambitious people had to finish high, university education, in order to succeed in embarking on a successful carrier. Also, it is a well known fact that universities are the most important institutions for the formation of intellectual and government elites. Until the First World War there was one university in Sofia and one in Belgrade. Bosnian students depending on their interest studied in Zagreb or in another university of the Austro-Hungarian Monarchy. A detailed account will be given for Bulgarian University students, while the collection of data for Serbia and Bosnia is still under way.

Intellectual elites which formed the Sofia University had been educated abroad. The tradition of acquiring education abroad continued, but was limited to wealthier or very talented and persistent young people. Most of the later intellectual elites were formed at the Sofia University.

In the period 1891-1910, Sofia University graduated 1688 students. It is not a huge number and they were probably easily absorbed by administrative and secondary economic system. Regarding the broad area of their education, we observe that 737 graduated from the arts faculty, 634 from law and 317 from technical sciences. It seems that it corresponded to the actual needs of Bulgaria in that period. Industry was weak, so the Sofia University graduated some technically educated people; the structure was probably strengthened by specialists educated abroad. The new state needed law students to build up its administration. The same applies to the faculty of arts – there was a need for teachers but also for people who would rebuild intellectual identity of the new state. The problems related with education started somewhat latter. The Chart below presents the structure of graduates from the Sofia University each year.

Chart 3

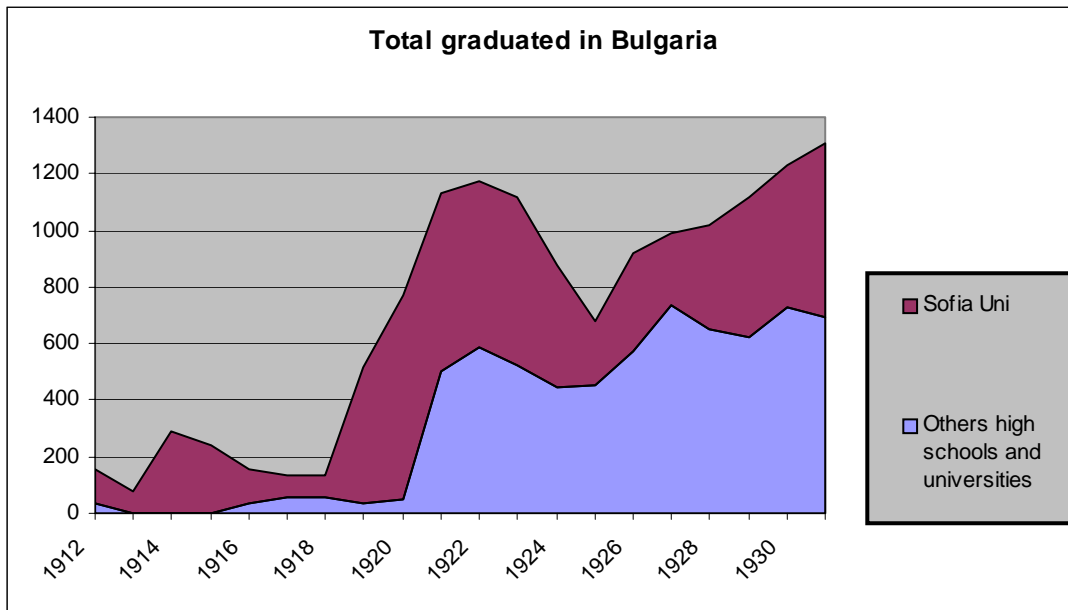


The Balkan Wars and the First World War were the period of an explosion of students graduating from law. There are several possible explanations. First, it could be that the increased number of young people decided to study during the War in order to avoid military service – this thesis could be supported by the growth of graduates from other faculties too. However, why such an increased number of students of law? A possible explanation can be that the War was a sort of political earthquake, so people expected to get a job in administration during and after the War. Also, the administrative system may have been filled with numerous new people during the War, and they graduated law in order to strengthen their position in the administrative system. Perhaps here we can note that the study of law, and to some extent arts, was more open to part-time students who could stay at land or work during their studies.⁸²

It seems that employment opportunity for educated people in administrative sector fall significantly within a few years after the War, as the number of graduates from law significantly decreased. However, A few years after the War we observe constant growth of the student population. Data presented on the Chart above would be even more significant if we included students of other universities and specialised colleges.

Chart 4

⁸² Unfortunately, I was not able to find the reference for this statement. However, some older people have observed that it as a common solution for talented sons of peasants or poor artisans.

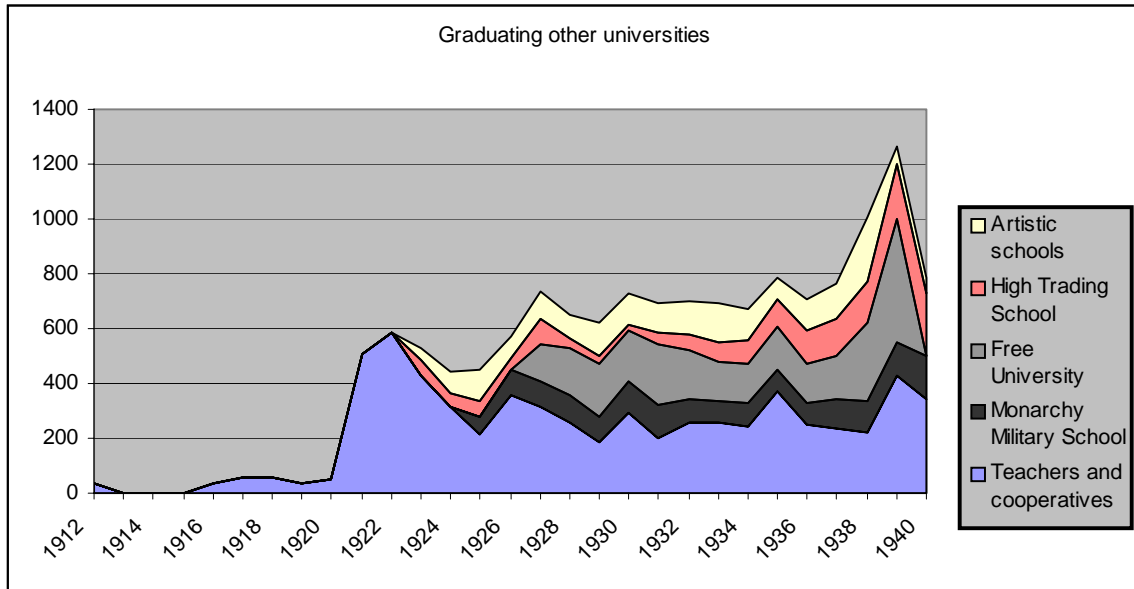


Here we raise the question why so many young people entered university studies?

We have already noted that whole new educational level emerged, and university education became necessary for any significant carrier. Also, with the modernisation of village after the First World War, more and more young people were informed about different ways of living, and decided to leave the village. Further, university education was a way of delaying employment young newcomers. However, we have to note that the tendency towards non-productive education (law and arts) continued to dominate university. After the War the study of medicine opened at the Sofia University, and there was an increased interest in agriculture, forestry and veterinary, as well as steady interest in technical studies, but law and arts continued to make up two thirds of students of the Sofia University.

It was similar with other universities. As we can see from Chart below, the main interest remained for studies which provided preparation for jobs in the state sector.

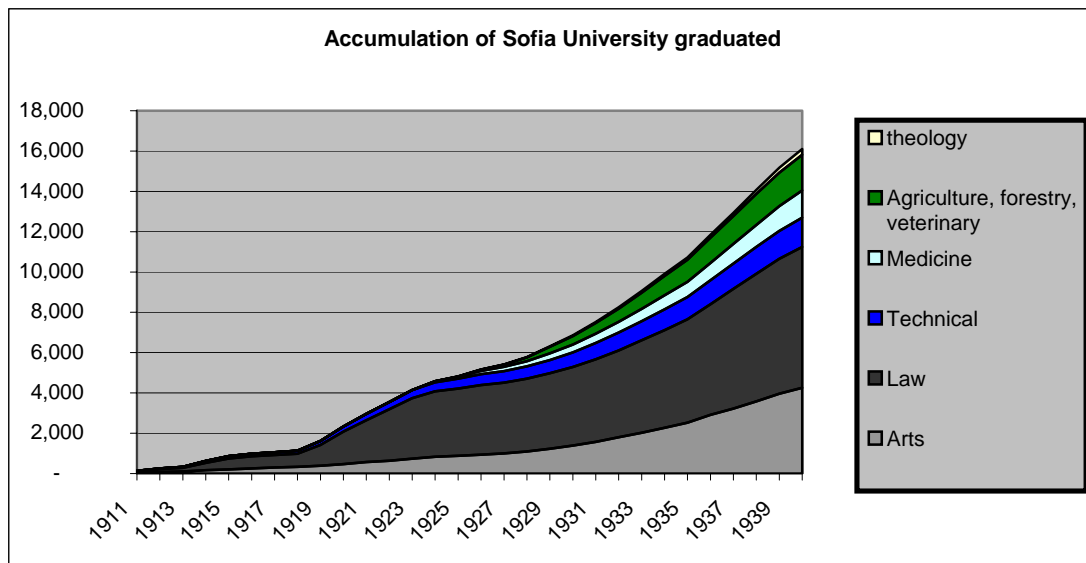
Chart 5



After the War there was a sudden increase of students of teachers' schools, and they continued to make up a significant body of students of other universities (teacher's high school was not any more the guarantee of successful employment in education). I do not know so much about the Free University, but it was probably not oriented predominantly towards production or trade. The Chart above points to an interesting tendency – there was almost an equal number of students of military schools and high trading schools. Which ones are more important for the development of a country?

After the First World War the production of graduate students from the Sofia University and other specialised high schools and universities continued to be significant. From fewer than 200 graduates per year before the War it grew to more than 1000 graduates per year after 1922. We already noted the problem of the accumulation of educated people, once they stay active and in employed in their field for years. The Chart below presents the accumulation of graduates from the Sofia University.

Chart 6

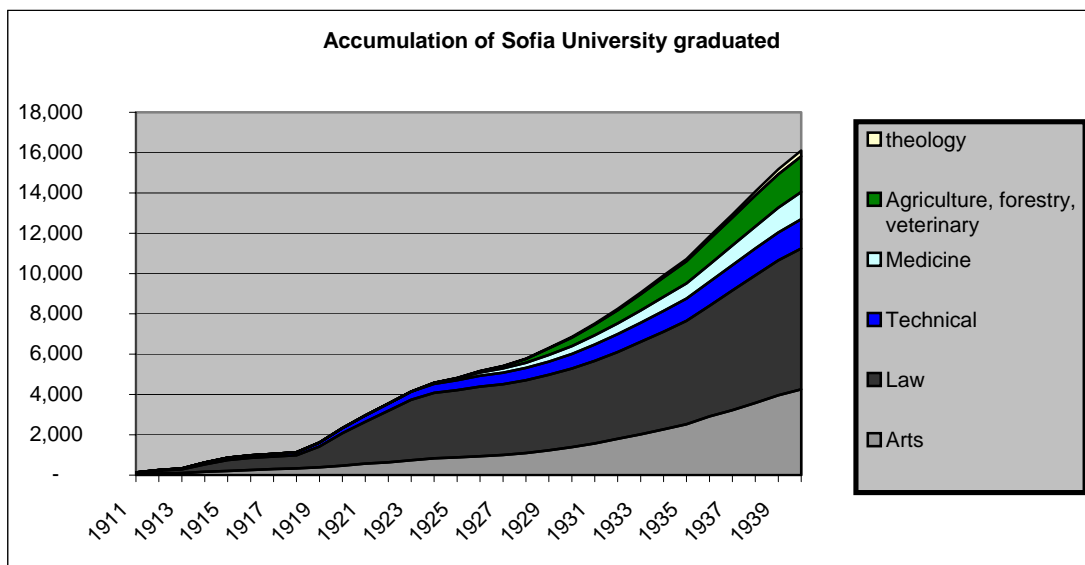


Until the Second World War the Sofia University produced 15.500 graduates, and there were further 14.000 who finished other specialised high schools and universities. The question is: Was Bulgarian economy able to provide jobs for 29.500 graduates?

The Bulgarian population during the interwar period grew from 4.847.000 to 6.305.000. Taking into account that some students graduated abroad and some graduated from the Sofia University before 1910, it seems that there was a need to employ 30.000 graduates within the population of an average of 5.5 millions. That makes 1 graduate per approximately 185 people. It does not appear to be an insurmountable problem.

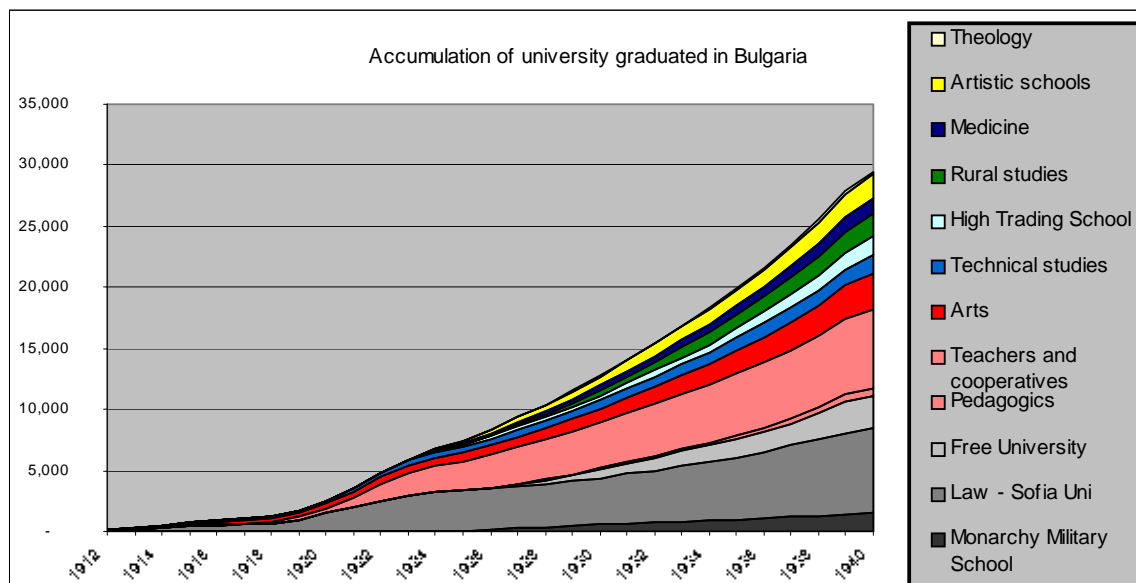
The problem of the educational structure lay in the fact the most of those people received education preparing them for jobs in administration. Perhaps the 15.500 graduates of the Sofia University were not the problem, but what to do with 7.000 young people who graduated from law and 4252 who graduated from arts and pedagogy? From among 13.000 graduates from other universities and other high schools there were only 1500 graduates from High trading school that could directly find a job in the secondary sector of economy.

Chart 7



Until the Second World War the Sofia University are talking about university graduates - those educated for leadership positions, while lower positions could be, and probably were, filled by people without university education.

Chart 8



It seems that the situation was similar in Serbia and Bosnia and Herzegovina. The data for those countries have not been collected yet, but the data for the Belgrade University are illustrative. In the structure of students of the Belgrade University, the students of arts and law made up more than 50 percent of the total student body.

Table 1 – The structure of students at the Belgrade University 1926/27

Faculty	Total students	Percentage of total
Arts	1151	18.93
Law	1989	32.72
Technical science	1745	28.71
Medicine	851	14.00
Agriculture	239	3.93
Theology	101	1.61
Total	6078	99.9

After assessing the growth rate of education, we have to ask about the real effects of education on the Balkans society. We have already noted that education was to great extent focused on broad education on the high school level, and on pedagogy, arts and law at universities.

Here we have to turn back to the problems of the predominantly subsistence character of the Balkans village, whose low level of economic activity did not produce an adequate economic basis for a strong secondary and tertiary sector. Or, simplified: There could be one merchant in a village, but it is hard to imagine that two merchants would survive in the same village. Anyway, three merchants in the same village certainly do not stand a chance. While the secondary sector is not very flexible and depends on the economic activity of the whole economic system, this is not the case with the service sector.

Administrative apparatus can easily grow because its strength does not depend from consumption market but on taxation strength.

Until now we identified the following tendencies in the development of educated elites in the Balkans:

- A lion's share of young people with high and university education received education which did not directly support marketisation and the economic development of the region (gymnasia, law, arts). The educational system produced people who could work in the service sector of society such as administration, education, religious services, and military.
- We can talk about overproduction of educated people in most of the sectors, as economic superstructure was relatively weak, thanks to the predominance of subsistence economy.⁸³ This tendency in some periods and some regions (e.g. Bulgaria during the 1930s) was so strong that we can talk about hyperinflation of academic titles

Here we have to ask: Where those people could find their personal future?

So-called, secondary economic sector: merchants, artisans, shopkeepers and similar, was not depending so much on education. Business spirit and experience, family accumulated capital, and market condition were much more important for development of secondary sector than education. Predominately subsistence character of the Balkan village was much bigger barrier to the development of secondary sector than some holes in education and knowledge of entrepreneur class. To conclude, secondary sector was too un-elastic to offer working place to the growing number of educated young people.

It was similar with free professions and intellectual services. This sector is somewhat more elastic, in the sense that offer was to some extent able to produce demand. However, such activities, in limited, predominantly rural circumstances, were difficult. There is no doubt that the number of persistent, strong individuals, very often paying high price for it, were able to find their place in the system by creating high quality intellectual offer. Numerous specialised newspapers in Bulgaria during the interwar period provide excellent example for this claim.

Existentially the most stable employment prospect for educated people was to join state administration. Also, it was the most flexible reservoir of working places. In a broader sense, it includes all jobs which depend on the state budget: educational system, local administration, police, military, government with numerous specialised services,...etc. Here we can include religious services too. The only real obstacle for the expansion of this machine was the budget. The result of the pressure exerted by educated people was evident in the growth of administrative machine. For example, the state administrative machine in Bulgaria grew from 20.753 employees in 1896 to 28.940 employees in 1904 which is remarkable growth of almost 40 percent in only eight years or five percent per year.

There is no doubt that the state machinery was the strongest power agent in the Balkans.⁸⁴ It had both positive and negative consequences. The state machine had enough financial strength and human capital to run the modernisation of the Balkans states. However, too often, the state did not perform this function properly and its economic impact on economy of the region was limited on taxation and development on few very profitable state companies and monopolies. The state was a significant factor in the modernisation and capital redistribution of the Balkans society, but was not very efficient in its mission.

⁸³ There is so much similarity between agricultural overpopulation and intellectual over-education.

⁸⁴ Berend/Ranki- East Central Europe in the 19th and 20th centuries, (Budapest 1977), p 121, recognised the importance of public services for the development of rolling elites in Bulgaria and Yugoslavia

Conclusion

The Balkans was often defined as a region of permanent political instability. Apart from numerous ideologies which stirred up political tensions, and which will be assessed in future chapters of this research, we have to highlight a few long-term economic factors which have permanently produced instability in the Balkans. In a general way we can talk about two main sources of tension: agricultural over-population and social over-education.

A most direct consequence of agricultural overpopulation in the Balkans, a dominant characteristic of the Balkans peasantry, was hunger for land. It has had long-lasting economic and political consequences.

- Firstly, the price of land was higher than its real market value (in a capitalist way of thinking). Consequently, profit, which could be invested in business, improvement of agricultural technology or consumption, was too often immobilised in buying the land.⁸⁵
- On the other hand, the mass of the peasant population has seen political earthquakes as an occasion to get into the possession of land.⁸⁶ It could be the land of their neighbours if they were of different ethnic origin or religion⁸⁷, land that belonged to landlords⁸⁸, or state-owned land. It is not surprising that the state and government elites often promoted expansion policy.⁸⁹

We have already noted the weakness of the domestic market, the predominance of subsistence economy and the problem of weak economic superstructure. The competition for the weak domestic market in regions of ethnically mixed population was a source of economic nationalism. The competition for the small number of customers, small merchants, shopkeepers, artisans and pub owners, produced nationalism as marketing weapon to attract and keep customers. Also, the periods of political instability were good occasions for the elimination of competition.

The problem of slow capital accumulation in a weak market, economically speaking: slow growth of economy, made wars or political upheaval a good occasion for capital expansion. Peasants with big bags waiting on the second front line, cruel “bezibosluk”, war criminals –they were often just ordinary people who had seen that there is no growth by way of hard work, because of too small an income from land or a very limited and weak customer base for artisans and shopkeepers.⁹⁰ Here is one example from literature:

⁸⁵ Earnings of emigrant, that significant inflow of fresh capital for each country was very often consumed on enlarging of small property. Total value of the emigrant’s capitals of interwar Yugoslavia was bigger than all foreign capital (state loans, direct foreign investments and credits to banks and companies). See Damir Jelic, Importance of foreign capital in Interwar Yugoslavia, p?

⁸⁶ During the First World War Serbian Government attracted soldiers offering land to those who join the army. Agricultural reform after the First World War was motivated, between other, with needs to find land for “Solunski dobrovoljci”. Of course, people who lost their land in such situation became basin of unsatisfied people, which are waiting for another political earth shake to get their land back.

⁸⁷ In a long debate about conflicts of Serbs and Albanians on Kosovo, too often we are ready to forget that it is an extremely overpopulated region in which politics was involved few times in re-distribution of land.

⁸⁸ Bosnian hate between Muslims, Serbs and Croats was initially based on the problem of land. For the difference of Serbia and Bulgaria where formation of new states was connected with liberation of landlords, in Bosnia problem was much more complicated as Muslim Landlords remained in Bosnia. They lost political power, even most of economic power, but tension under their land remained.

⁸⁹ In his study about agricultural overpopulation in Bulgaria, A.U. Toteff suggest acquiring of territories as one of ways of overcoming the situation of surplus agricultural population. See A.U. Toteff, The problem of surplus agricultural population in Bulgaria, Sofia, 1940, p. 38

⁹⁰ Balkan’s literature is full of very nice, detailed presentation of characters, psychological motivations, and dynamic of such actions. They are very similar, just places, wars and religions are changing. Would not agree with psychologist xy, that it is part of tribe culture of Balkan – it was an important addition to the capital accumulation of overpopulated agriculture.

There somewhere, near the frontline, was our sad, anonymous peasant, always purely dressed and rarely not hungry. From childhood he had vegetated not far away from the town and state magazines, looking from distance at other's wealth and beauty, and then, every twenty years, came "revolution": during the night the old order fell down, and our small friend, and his companions, broke into magazines, stole everything to the last piece of textile, and dressed himself and the family. Sometimes he would get a state horse, officer's saddle, new canvas cover, a spade, a hospital bed, and it is not bad to take a gun and a few bullets, in any case....

And then our fair Djukan continued to live as nothing had happened, poor and needy, putting one patch onto another, and then one day he looked at himself carefully and sighed deeply:

"Aman, dear brothers, when is there going to be another revolution, we are naked and barefoot".⁹¹

However, political damage they did was great. There was always somebody whose life savings were destroyed in such situations and who would wait for pay-back. Decades later a looser or his son or daughter, with words "They did it to us", will start new political tension and cruel conflicts.⁹²

On the other side, there are problems which were caused by the overproduction of educated people. We have already noted that state jobs were the most flexible reservoir of jobs and the reason for the growth of administrative apparatus. A direct consequence was the growth of the state budget and taxation pressure. Economically, in circumstances of predominantly subsistence economy, state controlled redistribution of resources could be the engine of modernisation and marketisation of the region. However, such redistributed resources were rarely used for economic development. These resources were insufficient for financing necessary infrastructure (it is better to say that transport infrastructure in the Balkans was too expensive for state resources), and were mostly spent on expenditures incurred by the state machine. The taxation pressure was the source of bitterness, especially when the state was multi-ethnic and the taxation policies not sophisticated.⁹³

The problem of the Balkans was that there were too many needs, or too many mouths fighting for these limited resources. The state had enough power to collect taxes, but there were many conflicts regarding their redistribution. Peasants, chief taxpayers, still lived in a subsistence world – the most they got from the state was education for their children. Limited "enlighten" actions of the state specialist regarding agricultural modernisation, organisation of agricultural credit and such like had limited effect in non-marketised rural society. The state was not able to give to the peasants what they needed – more land, better market and eventually jobs outside of the agricultural sector.

The secondary economic system profited from the state orders and increased economic activity. However, the distribution of state orders often depended on political or ethnic groups, and it could be the source of economic nationalism and tensions. Of course, such groups, when in power, did not concentrate its energy on the interests of the whole economic system, but were led by the instinct for survival. Here is one interesting opinion:

⁹¹ Branko Copic, *Hundred-arm peasant*, novel, Sarajevo, 1987

⁹² Maybe in this capital redistribution games we have to look for a profound reason why in political and war conflicts were involved so much civilest

⁹³ Tobacco monopoly, low price of tobacco and almost military control under region of tobacco growers in Herzegovina, produced strong ant-Yugoslav spirit amongst Croats in Herzegovina. See x.y. Tobacco and life of the people in Herzegovina

In our social development very often we are witnesses of the direct transition of individuals from the peasant society to positions of leading entrepreneurs, intellectuals, politicians and statesmen because of weak strata of middle and upper class, and due to the democratisation of education. Consequently, the cultural and psychological characteristics of the world of tribal culture could be transferred, almost without modification, to towns, where short periods of high school and university education was not able to change them significantly...

It is not insignificant to observe who made up the structure of the upper classes of society: those circles are the basis for the formation of leading groups. As we know, legal power is not some abstract body, but a concrete group of people who govern society, or in whose interest society is governed. So it is very important to know which economic, ideological and psychological elements that group consists of, because that group will try to identify its perception of the world, its interests and its methods with interests of the whole society and implement them in the whole society, using its governmental and organisational power. ...

Cultural and psychological characteristics of tribal culture, which persist in upper classes, will incarnate in autocratic tendencies of the leading personalities (which will be a significant obstacle to the practical implementation of democratic ideals) and nepotism (the consequence of the tradition of tribal solidarity). Power will remain the most important social value, with the consequence that the struggle for power will not be limited by humanitarian, moral or democratic considerations. ...⁹⁴

The author of the above quotation was shocked, as well we are and many observers of the Balkans, by the cruelty of political and interest groups fighting for power. Power means control under the redistribution of resources.

The gist of the problem was that neither state nor economic superstructure were able to absorb all educated people. Competition for jobs in state administration became the source of the Balkans bitterness. This competition led to the intensification of divisions along ethnic and political lines.

So far we have been talking about economic facts, economic circumstances, limits to economic development. Let us call it economic reality.

What about people?

People were not happy in such an economic system. They lived crucified between agricultural overpopulation and weak superstructure. It reminds me of the picture of Prometheus: a Balkans' citizen, chained to the Balkans mountain, unable to get more land because there was no land, he was close to a high quality of life (Westernisation), but he was not able to catch it. And his quilt – education he took over from the West.

We can talk about three strata of population that had good reason for producing a negative image of the Balkans.

Productive population, peasants, artisans, merchants, entrepreneurs, spent their life without flying up, in the world of slow economic growth, limited capital accumulation and always in fear of state taxation and of the future. Here I must recall an observation by a banking historian, during a discussion about the specifics of banking systems:

The main difference between your world and our world is in capital accumulation and expectations. Here, at the end of the year an entrepreneur sees profit and that develops business expecting that next year will be better, or at least the same. Your entrepreneur rarely has good profit at the end of the year, and he expect that the next year will probably be even worse.

⁹⁴ X./y. Pleme I plemenska kultura kod Hrvata I Srba,(Tribe and tribe culture), Zagreb., 1936, pp. 17-19, selection

Office seekers, educated people, living in circumstance of fierce competition for jobs, mostly fighting for the carrier in the state sector, had to be cruel and fast in order to success. Because of strong competition and limited possibility, it is not enough only to be a good professional and a serious worker – lobbying, political and national groupings, the use of ideologies and similar was necessary for being successful in making carrier even on a lower level. The term “office seekers” is not a negative one (as some colleagues may have inferred during our Nexus colloquium) – it is tragic one.

There were losers in that carrier race – if we can talk about winners at all. It is hard to be cruel, and most people are not ready to be “politicians”. On the other side, there is no way back – village or secondary economic sectors are not pleasant places to live in. In the middle, there was no “market” for young intellectuals. Resignation was an important part of the mentality of educated elites in the Balkans. And it is not limited to highly educated people – all those who got in contact with the West and learned about better life were poisoned by the same pain. At least, when the land is hard and the sky is high, what else can one do than spend their life looking at the sky. How else can one explain that so many people studied arts?