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## The Industrial Development in Kosovo between 1974-1990 - A Comparative Overview

### *Kosova'da Endüstriyel Gelişme 1974-1990 - Karşılaştırmalı bir İnceleme*

#### **Abstract**

*The industry is an important branch of the economy, that has always played a primary role in the development of the economy of a country and at the same time has had positive effects on increasing the employment rate. During the period under the communist rule it was inevitable that the development of the industry would be directed to those regions which were rich in raw materials and minerals. Thanks to the mineral resources, the development of the industry influenced a faster development of some regions in the territory of Kosovo, creating a disproportionate development with other regions that did not have mineral resources. It should be mentioned that the largest number of factories was built in the northern region of Kosovo, because there is also the largest lead-zinc mine in this region and investments were made in the power plants near the lignite basin. In addition to this disproportionate economic development, which results from the concentration of industry in certain regions, there occurred also a disproportionate economic development between Kosovo and the other Yugoslav Republics.*

**Keywords:** Economy, Industry, Kosovo, Yugoslav Federation, etc.

#### **Öz**

*Sanayi, ekonomik önemi olan bir branş olarak, bir ülkenin ekonomik kalkınmasında her zaman birincil rol sunmuş ve aynı zamanda işsizlik oranı üzerinde olumlu etkenlere sahip olmuştur.*

*Komünist yönetim döneminde sanayinin gelişmesi, hammadde ve mineral zenginliğine*

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*sahip olan bölgelere yönelmesi kaçınılmazdı. Mineral kaynakları sayesinde, sanayinin gelişimi Kosova sınırları içinde bazı bölgelerin daha hızlı gelişmesini etkileyerek, mineral zenginliği olmayan diğer bölgelerde ise orantısız bir gelişim takip etmiştir. Örneğin, Kosova'nın kuzey bölgesinde en fazla sayıda fabrika kuruldu, çünkü en büyük kurşun-çinko madeni bu bölgede bulunmaktaydı veya linyit havzasının yakınında enerji santrallerine yatırım yapıldı. Bazı belirli bölgelerde sanayinin yoğunlaşması sonucunda ortaya çıkan bu orantısız ekonomik gelişime ek olarak, Kosova ve diğer Yugoslav özrek cumhuriyetlerine kıyasen, yine orantısız bir gelişim izlemiştir.*

**Ana kelimeler:** Ekonomi, Sanayi, Kosova, Yugoslav Federasyonu, vb.

## Introduction

**R**egional differences at the level of economic development have existed since the creation of the human society. These differences today are evident both within the countries and between countries. The differences of the modern production conditions are characterized by the development of new technologies, and the development of mass production and changing lifestyles are increasingly pronounced. Regional differences are also one of the forms of expression of unequal economic development within a state. The regional inequality in the level of development of the areas identified in the Socialist Federation of the Republic of Yugoslavia was one of the most complex problems of the economic development.

The dynamic development of the economy during the first years after the Second World War also affected the changing demographic and socio-economic structure in certain regions of Yugoslavia. In the 60's some republics of the Federation were moving at a very fast pace, while some were stagnant and some were not even beginning the process of industrialization. This made the differentiation process even more distinctly, as it was invested only in some republics while others maintained the old and very primitive labor system, which could not lead to a proper development of industry or economic development. This was also reflected in the level of education and employment.

After the end of World War II, Yugoslavia was in dire need of external assistance to rebuild its shattered economy, largely aimed at building an industry that, as a branch of the economy, was promising. However, these investments were never evenly distributed. Some regions, for example: Kosovo, Macedonia, Bosnia-Herzegovina weren't included in the capital investment plan at all. The main part was received by the republics, which were in a better condition than the other regions. Some regions of the country continued the old tradition of tillage with very primitive tools, which failed to produce the expected crop yields.

There was a general opinion that Kosovo was a burden for the Yugoslav Federation, because the other regions stagnated due to their obligations to Kosovo. Such an approach was completely wrong, since the own budgetary resources of the underdeveloped regions did not meet the needs for faster economic development, and that they had to be supported

with additional funds from the budget of the Federation.<sup>1</sup> There were even rumors linking Kosovo's economic backwardness with the high population growth of the Albanian population.<sup>2</sup>

Investments in the backward regions, or as they were then called the underdeveloped regions, began in the 1960s.<sup>3</sup> At first they were given development funds that did not need to be returned, and later they were given funds in the form of loans which they were obliged to repay often even with very high interest but which they were obliged to get, to solve their economic problems. Even these underdeveloped countries, including Kosovo, were obliged to pay all their debts to the Federation.

The federation's funds were crucial for the continuation of investments in the underdeveloped regions, they were vital to the activation of natural resources. With the development plan of the Federation, assistance was provided to underdeveloped regions within the Federation. These included the Republic of Macedonia, Montenegro, and Kosovo, where rapid measures were needed for a faster development. The federation gave 80 million dinars to Macedonia and 50 million dinars to Kosovo.<sup>4</sup> The results of the investments were felt in the 1960s, where we can see the moving towards improving the economic situation of Kosovo as some new industrial capacities began to be built, but there were also the mineral resources exploitation, that Kosovo was known for. Research was conducted much earlier by various institutes of the Federation since Kosovo had no specialized institutions that would do this kind of research.

In the postwar period more investments were done in mining and industry than in other energy areas, but this was an important move. It was usually invested in the most important enterprises and ores such as: "Trepça", "Golesh", "Sharr" cement factory and after that in smaller mines such as "Hajvalia" and "Deva". These ores during World War II were either destroyed or put out of service. But the investments did not meet the plans targeted by the Federation. Kosovo remained behind the average of the Federation, while differentiation was by no means diminished, on the contrary it increased further. Kosovo was not able to keep pace with other parts of Yugoslavia, even though it was known as its richest region.

However, after the Brion Plenum (1966) of the CC from the LCY, a significant turn began in all spheres of life, also in the economy. The material conditions for changing the economic structure were created in Kosovo.<sup>5</sup>

In the late 1970s, despite the difficulties, there was economic growth in many areas. This was achieved through external aid, as Yugoslavia played the "double game", a socialist state with good cooperative relations with the West, taking the model of the economic

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1 Branko Horvat, *Kosovsko Pitanje*, (Globus: Zagreb, 1988), 132.

2 Koça Jonçiqi, „Nataliteti i madh jonormal ëshhtë në dëm të vetë kombësisë shqiptare”, Rilindja, Prishtinë: 19.XI.1981, 5.

3 *Kosova dikur e sot*, (Beograd: Borba, 1973), 512.

4 *Društveni plan privrednog razvoja Jugoslavije 1957-1961*, Savezna Narodna Skupština, Beograd: 1957, 19.

5 Tahir Abdyli, *Zhvillimi i industrisë në Kosovë*, (Prishtinë: 1978), 89.

system from Western countries. Some areas of the economy were developed, which should be highlighted:

- *the metal processing industry, from 25.1% in 1957, grew to 38.3% in 1970,*<sup>6</sup>
- *agriculture and forest economy, from 60.1% in 1957, changed to 33.6% in 1970,*
- *other branches of the economy rose from 19.8% (1957) to 28.1% (1970).*<sup>7</sup>

During the years 1974 -1981 Albanians have been more or less satisfied with their autonomy and constitution. In addition to its permanent representative in the Federation Presidency, Kosovo already won the right to create its own provincial government, the Provincial Assembly, the Executive Council as well as its Supreme Court. The autonomous province got his constitution, which granted Kosovo the right to internationalize its borders, like the republics, in the circumstances of the state's dissolution of the Federation, of which it was a constituent element.<sup>8</sup>

Kosovo achieved the largest economic growth and changes in the standard of living during the period of 1971-1975 and 1976-1980. By this time, Kosovo had gained greater economic competencies, enabling the development of independent economic policies such as: development planning, budgetary policy, financing of economic development, social care and development, and the possibility of using loans from abroad. However, despite some achievements, Kosovo had a list of obligations that had to be fulfilled towards the Yugoslav Federation, such as payment for taxation of the Federation's products and services, participation in the financing of Yugoslav embassies, the military and defense.<sup>9</sup> In order to facilitate the obligations to some extent, the Kosovar authorities demanded in 1978 that the tax turnover realized in Kosovo should remain for the needs of Kosovo.<sup>10</sup>

It should be noted that in its beginnings the Kosovo industry relied heavily on the extraction, exploitation of ores and other products rather than the processing of them into final products in the country itself, which would have brought greater benefits to Kosovo. During the following years, capacities for finalizing the products in the country were increased, and the general education and training of workers began. This also contributed to the increase in the number of employees in the country's industry. The structure of social production began to rise slowly. However, the industry did not achieve much development compared to agriculture which, although quite backward, remained the main branch of the majority of the local population.

Kosovo's economy was at the accumulation rate of 8.3% which was in the last place, below the Yugoslav average of 9.8%. As for the internal accumulation rate of 2.8%, this

6 Agjencia Shtetërore e Arkivave të Kosovës, Fondi: Fadil Hoxhës, Viti: 1968, Kutitë: 3, Industria dhe xehe-taria gjatë gjithë kohës prinin në listën e zhvillimit ekonomik të Kosovës; Ndërsa Kosova nga viti 1956 deri në vitin 1968 pati një ngritje të industrisë prej 9.8%. 22.

7 Jeanes Reuter, *Shqiptarët në Jugosllavi*, (Tiranë: Botimpex, 2003), 61.

8 Blerim Reka, "E drejta e vetëvendosjes së popullit shqiptar në Kosovë - Arsyesim juridiko - ndërkombë-tar". në Thema, Prishtinë: 2000, Nr. 16, 163.

9 Dokumentari televiziv, Puls, „Politika dhe sistemi fiskal-monetar në të kaluarën dhe tani”, autor: Mefail Bajqinovci, Kohavision. Prishtinë: 07.11.2016.

10 „Kosova kërkon t'i mbetet tatim-qarkullimi që realizohet në Krahinë”, Rilindja, Prishtinë: 09.12.1978, 1.

was lower than the Federation average of 5.0%. Meanwhile, the reproduction rate of the Kosovo economy of 5.6% was 3.2% lower than the Federation average.<sup>11</sup>

It was even thought to be devoted to the importance of new technology production within the country, in order to reduce the huge costs of acquiring it, but the result was barely noticeable.

Only a few organizations, within their own technological development, had their own technology for certain productivity programs,<sup>12</sup> while the rest was imported almost the entire time, both from abroad and from other regions of the Federation. Almost in all aspects and at all times Kosovo remained behind the average of Yugoslavia. The table below reflects the level of personal net income in the social sector in the Federation that was the result of investment and economic development.

Tabela. 1.<sup>13</sup>

Level of net personal income in the social sector in the Federation

	1963	1965	1970	1975	1976	1977	1978
Bosnia and Herzegovina	93.0	96.2	95.6	94.7	93.3	91.2	92.0
Montenegro	92.6	89.6	89.8	88.4	88.6	87.3	86.8
Croatia	102.8	104.6	106.9	106.5	106.5	106.5	107.0
Macedonia	85.3	82.8	84.3	85.7	84.0	82.9	83.2
Slovenia	124.9	124.4	117.3	115.1	115.1	115.4	116.3
Serbia (without	95.1	95.6	95.3	96.0	96.0	97.6	97.3
Kosovo	79.3	83.4	82.4	88.9	86.4	83.4	80.5
Vojvodina	88.8	91.6	92.5	99.2	99.9	97.9	96.6

In addition to the various problems, as for the assets, Kosovo has consistently had difficulties to fill and secure them with qualified personnel until their own qualified staff have been built up, as they were constantly brought in by the Federation and often from abroad. This affect the growth of social productivity in industry and other branches. However, the degree of self-financing of the economic resources in Kosovo remained several times lower than in Yugoslavia. The table below shows the periodic gross economic investments realized in the republics and provinces of the SFRY.

11 Isak Mustafa, "Veçoritë themelore të ekonomisë së KSA të Kosovës me vështrim të posaçëm rreth organizimit dhe zhvillimit të industrisë", në Produktiviteti dhe inovacionet, Prishtinë: 1979, viti IV, Nr. 1-2-3, 60.

12 Hasan Damoni, "Disa aspekte të zhvillimit teknologjik të kompleksit metalik të Kosovës", në Produktiviteti dhe inovacionet, , Prishtinë: 1986, viti XI, Nr. 1-2/1986, , 45.

13 Ismet Gusia, *Burimet natyrore si faktor i zhvillimit ekonomik të Kosovës*, Prishtinë: 2010, 184.



Tabela. 2.<sup>14</sup>

<i>The periodic gross economic investments realized in the SFRY</i>		
	<i>1966-1979</i>	<i>1971-1975</i>
<i>Yugoslavia</i>	<i>36.2</i>	<i>42.5</i>
<i>Bosnia and Herzegovina</i>	<i>35.0</i>	<i>37.6</i>
<i>Montenegro</i>	<i>14.5</i>	<i>9.0</i>
<i>Croatia</i>	<i>41.0</i>	<i>50.7</i>
<i>Macedonia</i>	<i>16.6</i>	<i>19.9</i>
<i>Slovenia</i>	<i>45.5</i>	<i>56.0</i>
<i>Serbia (without provinces)</i>	<i>37.6</i>	<i>41.1</i>
<i>Kosovo</i>	<i>14.4</i>	<i>9.9</i>
<i>Vojvodina</i>	<i>45.7</i>	<i>48.8</i>

Despite the investments and the creation of new jobs, where the largest number of people engaged found a place in energy and mining, nevertheless there were still among them those who could not find a job and left the country, finding jobs in the capitalist countries. Among 100 active people in Yugoslavia, 6.7 workers emigrated abroad, the highest number being 9.0% from Bosnia and Herzegovina and 8.3% from Kosovo, indicating that this two countries in the Federation have the highest migration, while the lowest migration came from Slovenia with 4.6%.<sup>15</sup>

The processing industry, which should have been a precondition for the development of the country, started very late, so there was constant stagnation and failure of the plans for the development of the underdeveloped territories. This also conditioned the population of small households to be almost irrelevant to the large economic growth and often favored the migration of young people abroad to secure profitable jobs.

Specifically, during the whole postwar development, the rate of social productivity of the Kosovo economy was lower than that of the whole of Yugoslavia, with a significant share of the basic branches compared to the processing ones. This enabled Kosovo to stagnate compared to the average. However, the stagnation was reduced by about 50% in 1947 to a total of 28.6% in 1987. Whereas in 1985 the participation of the economic sectors in the creation of the Yugoslav social product was: the primary sector 14%, the secondary sector 54.4% and the tertiary sector 30.9%. Whereas in Kosovo were: the primary sector 20.8%, the secondary sector 56.5% and the tertiary sector 22.6% of the social product.<sup>16</sup>

Almost all of the funds destined to promote Kosovo's development were realized to an insufficient degree that could not reduce the differentiation compared to the country's average. It continued to increase especially in comparison to Kosovo with other countries of the Federation, as shown in the table below.

14 Ibid, 179.

15 Rifat Blaku, "Punëtorët e Jugosllavisë në vendet e Evropës Veriperëndimore", në Përparimi, Prishtinë: 1988, Nr. 6, 687.

16 Genc Bashota, "Mënjanimi i shpërpjesëtimitve strukturale-komponente qenësore e reformës ekonomike", në Përparimi, Prishtinë: 1988, Nr. 6, 706.

Tabela. 3.<sup>17</sup>

The realization of funds to promote the development of Kosovo compared to other countries of the Federation According to the 1972 price-index		
	<i>Social product per resident</i>	<i>Relative RSFY ratio = 100</i>
<b>RSFY of Yugoslavia</b>	17.057.00	100
<b>Bosnia and Herzegovina</b>	11.109.60	65.1
<b>Montenegro</b>	12.618.50	74.0
<b>Croatia</b>	21.559.80	126.4
<b>Macedonia</b>	11.285.30	66.2
<b>Slovenia</b>	35.099.50	205.8
<b>Serbia (without provinces)</b>	16.987.70	99.6
<b>Kosovo</b>	4.579.70	26.8
<b>Vojvodina</b>	19.707.10	114.9

Although late, the industry gradually became the most important branch of the Kosovo economy, both in revenue collection as well as increasing the number of Aligned work. They began also with investments to open new energy capacities, which became the main impeller of the development despite the huge difficulties that existed. The development of the industry during this period moved at a very fast pace but the different regions in the Federation had gone further by providing even more sophisticated machinery and markets for selling. While Kosovo still had problems with finalizing the products, staffing and facilities that required ongoing investments, were considerable stagnations caused by these obstacles. In the 1980s, the industrial development in Kosovo began to decline as a result of the economic crisis that had engulfed all of Yugoslavia. Analyzes showed that the efficiency in the Yugoslav economy had declined by level of 1952.<sup>18</sup> Economists of that time, such as Branko Horvat, came up with the proposal to set up a development bank which would help the underdeveloped regions.<sup>19</sup> Despite reform efforts, the Yugoslav economy and the Yugoslav Federation itself in the late 1980s were heading for failure and disintegration, just as the failure of the communist system of that time.

## Conclusion

Despite optimistic expectations for a rapid development, we can conclude that Kosovo had an economy that was largely indebted most of the time and like all Southeast European economies closely linked to the socialist system, which accepted the continuation of its work even with losses. Investment policies pursued by the Yugoslav Federation shortly after World War II, left some regions aside that were still considered underdeveloped. As a result, Kosovo, could not catch the pace of Yugoslavia's overall development, for a long

17 Nuri Bashota, "Strategjia e zhvillimit –Komponentë e domosdoshme e planifikimit vetëqeverisës në KSA të Kosovës", në Përparimi, Prishtinë:1988, Nr. 6, 324.

18 „Këshillimi i ekonomistëve të Jugosllavisë për ekonominë në reformë, Dalja nga Kriza për dy vjet?“, Rilindja, Prishtinë, 06.05.1989, 4.

19 Ibid.

time after the war, even though the area was considered rich in natural wealth.

The 1960s and respectively the 1970s, were a turning point for Kosovo, when the implementation of reforms and aid allocated to underdeveloped regions began, with the first place for backwardness, when the implementation of the reforms began and the aid allocated to the underdeveloped regions, where Kosovo occupied the first place for economic backwardness, although per km<sup>2</sup> it was counted as the richest part of the Federation. Here were the largest reserves of lignite, lead, zinc, magnesium, nickel, bauxite, etc. Most of the investments were oriented in the industry which employs larger numbers of workers, and it was a positive move in comparison to the previous years.

The industry became a key carrier of the development, hoping that the industry would have a direct impact on other sectors as well, such as: the transformation of agriculture, construction, traffic, and most importantly the improvement of education, which was very low in Kosovo, especially among the Albanian majority.

## Sonuç

Hızlı bir gelişme için tüm iyimser çabalara rağmen, Kosova'nın sosyalist sistemle yakından bağlantılı olan tüm diğer Güneydoğu Avrupa ülkelerinin ekonomileri gibi çoğu zaman borçlu olduğu bir ekonomiye sahip olduğu ve kayıplarla olmasına rağmen, işin devam etmesini kabul gören bir sistem işleyişin sonucuna varabiliriz. Yugoslav Federasyonu'nun II. Dünya Savaşı'ndan hemen sonra izlediği yatırım politikaları, az gelişmiş olduğu düşünülen bazı bölgeler dışında bıraktığını söylenebilir. Sonuç olarak, savaştan sonra Kosova, bölge olarak, doğal kaynaklar açısından oldukça zengin olmasına rağmen, uzun bir süre Yugoslavya'nın genel gelişim ritmine ulaşamadı.

1960'lar ve 1970'ler, az gelişmiş bölgelere tahsis edilen reform ve yardımların uygulanmaya başlandığı zaman Kosova için bir dönüm noktası oldu, çünkü Kosova, km<sup>2</sup> için Federasyonun en zengin bölgesi olarak sayılmasına rağmen, ekonomik gerilemede ilk sırada yer almaktaydı. Bu bölgede en büyük linyit, kurşun, çinko, magnezyum, nikel, boksit rezervleri, vb. bulunmaktaydı. Yatırımların çoğu endüstri odaklıydı, bu da büyük sayıda çalışanı biriktirdi ve önceki yıllara göre olumlu bir hamleydi.

Sanayi, tarım reformu, inşaat, trafik ve en önemlisi Kosova'da, özellikle Arnavut çoğunluğunda oldukça düşük olmak üzere eğitimin kalkınması gibi diğer dalların da doğrudan etkileyeceğini umarak temel bir kalkınma yüklenilmesi haline gelmiş oldu.

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