



Yugoslavia

31 January 1983

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EESD

Dear Andrew,

YUGOSLAV ECONOMIC STABILISATION: SOCIAL POLICY

We promised to report the main recommendations of the Kraigher Commission on economic stabilisation as they come out (my letter of 16 November to Alan Montgomery).

2. Two further sets of recommendations have now appeared in the press, called "Foundations and Frameworks of Long-term Social Policy" and "Development Policy of Social Activities as a Factor of Economic Stabilisation".

3. Anyone looking for a long and dreary read in these two documents would be well content - they are extremely turgid. As you know, "social activities" in Yugoslavia means health and education, scientific research, provision of recreational facilities, etc. Since the constitutional reforms of 1974, these have been provided by "self-managing interest communities" (SIZes), organised basically at municipal level, and in theory under management by local political Assemblies through the delegate system. The two documents are full of criticism of the way the system is working. They draw attention to a lack of overall planning, non-observance of economic laws, interference in the professional working of social services by politicians, empire-building and waste by the experts, over-manning, lack of common standards, decapitalisation etc. The most serious criticism - hardly a surprising one given the decentralisation of the Yugoslav political and economic system - is that social services have become almost completely regionalised. The documents lament the lack of "self-managing agreements" between health services etc. even at inter-municipal level. Under these agreements, it is open to clinics in different municipalities, for instance, to specialise and so improve the quality of services they provide, rather than attempting to cater for every possible ailment themselves. But every municipality has tended to want its own polyclinic, its own fully-equipped sports centre, the full range of education services etc. The documents quite rightly describe this process as wasteful and inefficient.

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4. Just as no real answer has yet been found to the increasing fragmentation of Yugoslavia's political and economic system, these documents do not really come up with any new ideas in the field of social services. They make some technical recommendations, for instance about the method of financing "social activities", suggesting that this should not be through a flat-rate tax on enterprises but through a percentage of net income. But otherwise they fall back on the usual cry for "more self-management". Their basic political analysis is that weaknesses in the social sector in Yugoslavia are due to departures from the pure theory of self-management, under which workers will provide fully for each others' needs by freely associating their labour.

5. This type of analysis does not of course get us much further forward. We doubt if the two documents will lead to any major change.

Yours ever,

Anthony

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