

Michel Christian, Sandrine Kott, Ondřej Matějka (Eds.)  
**Planning in Cold War Europe**

# Rethinking the Cold War

---

Edited by Kirsten Bönker and Jane Curry

## Volume 2

# Planning in Cold War Europe

---

Competition, Cooperation, Circulations (1950s–1970s)

Edited by

Michel Christian, Sandrine Kott, Ondřej Matějka

**DE GRUYTER**  
OLDENBOURG

Published with the support of the Swiss National Science Foundation.

ISBN 978-3-11-052656-1

e-ISBN (PDF) 978-3-11-053469-6

e-ISBN (EPUB) 978-3-11-053240-1

<https://doi.org/10.1515/9783110534696>



This work is licensed under the Creative Commons Attribution-NonCommercial-NoDerivs 4.0 International License. For details go to <http://creativecommons.org/licenses/by-nc-nd/4.0/>.

**Library of Congress Control Number: 2018948744**

**Bibliographic information published by the Deutsche Nationalbibliothek**

The Deutsche Nationalbibliothek lists this publication in the Deutsche Nationalbibliografie; detailed bibliographic data are available on the Internet at <http://dnb.dnb.de>.

© 2018 Walter de Gruyter GmbH, Berlin/Boston

Cover image: right: Picture on a Slovak box of matches from the 1950s – author unknown

left: Stamp printed in 1984. Ninth plan 1984–1989: to modernize France. drawn by Rémy Peignot, © la poste

Typesetting: 3w+p GmbH, Rimpfing

Printing: CPI books GmbH, Leck

[www.degruyter.com](http://www.degruyter.com)

# Table of Contents

Michel Christian, Sandrine Kott, Ondřej Matějka

**Planning in Cold War Europe: Introduction — 1**

## Part 1: Planning a New World after the War

Francine McKenzie

**Peace, Prosperity and Planning Postwar Trade, 1942–1948 — 21**

Daniel Stinsky

**A Bridge between East and West? Gunnar Myrdal and the UN Economic Commission for Europe, 1947–1957 — 45**

## Part 2: High Modernism Planning

Isabelle Gouarné

**Mandatory Planning versus Indicative Planning? The Eastern Itinerary of French Planners (1960s-1970s) — 71**

Katja Naumann

**International Research Planning across the Iron Curtain: East-Central European Social Scientists in the ISSC and Vienna Centre — 97**

Sandrine Kott

**The Social Engineering Project. Exportation of Capitalist Management Culture to Eastern Europe (1950–1980) — 123**

Sari Autio-Sarasmo

**Transferring Western Knowledge to a centrally planned Economy: Finland and the Scientific-Technical Cooperation with the Soviet Union — 143**

Ondřej Matějka

**Social Engineering and Alienation between East and West: Czech Christian-Marxist Dialogue in the 1960s from the National Level to the Global Arena — 165**

Simon Godard

**The Council for Mutual Economic Assistance and the failed Coordination of Planning in the Socialist Bloc in the 1960s — 187**

### **Part 3: Alternatives to Planning**

Benedetto Zaccaria

**Learning from Yugoslavia? Western Europe and the Myth of Self-Management (1968–1975) — 213**

Vítězslav Sommer

**Managing Socialist Industrialism: Czechoslovak Management Studies in the 1960s and 1970s — 237**

Michael Hutter

**Ecosystems Research and Policy Planning: Revisiting the Budworm Project (1972–1980) at the IIASA — 261**

Michel Christian

**“It is not a Question of rigidly Planning Trade” UNCTAD and the Regulation of the International Trade in the 1970s — 285**

Jenny Andersson

**Planning the Future of World Markets: the OECD’s Interfuturs Project — 315**

**Works Cited — 345**

Benedetto Zaccaria

## Learning from Yugoslavia? Western Europe and the Myth of Self-Management (1968–1975)

This chapter focuses on Western European reception of the Yugoslav model of self-management, based on social ownership of the means of production and the self-government of working people.<sup>1</sup> The self-management system, as it developed in Yugoslavia since the early 1950s – when it was first introduced – posited the decentralization of the state’s functions to the largest possible degree. This system therefore distinguished itself from the Soviet model of state ownership which had characterized Yugoslavia’s economy between the end of World War Two and the split between Tito and Stalin (1948): self-management was indeed not compatible with central planning. The self-managed system proposed an alternative vision of planning which represented a “third way” between the socialist and capitalist models.<sup>2</sup> Focusing on the management of enterprises, the Yugoslav leadership aimed at re-shaping the relationship between the state and the economic system. Starting from the 1950s, Yugoslavia gradually developed a model of “social planification” from “below,” which was to be – at least in theory – an outward reflection of the preferences of producers and consumers. “Social planification” meant a shift from central planning to an “indicative” planning which, since the mid-1960s, had to provide forecasts and set forth the objectives to be pursued by government through non-administrative measures, without imposing legal or mandatory obligations to enterprises.<sup>3</sup> The bases of the “indicative” system of planning were to be the preferences of the enterprises which, maximizing their income according to the principles of the market economy and avoiding workers’ alienation, would further the general in-

---

1 On the economic dimension of self-management, see Jaroslav Vanek, *The Participatory economy: an evolutionary hypothesis and a strategy for development* (Ithaca and London: Cornell University Press, 1971).

2 For an overview on the divergence between theory and practice of Yugoslav self-management, see Vladimir Unkovski-Korica, “Self-management, development and debt: the rise and fall of the ‘Yugoslav experiment’,” in *Welcome to the Desert of Post-Socialism: Radical Politics After Yugoslavia*, ed. Igor Štiks and Srećko Horvat (London: Verso, 2015), 21–45.

3 On simultaneous debates on social planning in the Soviet bloc, and in particular in Czechoslovakia, see Vítězslav Sommer’s chapter in this volume.

<https://doi.org/10.1515/9783110534696-011>

terest.<sup>4</sup> The notion of “self-management planning” was definitively sanctioned by the 1974 Yugoslav constitution, which sanctified self-management as Yugoslavia’s cornerstone also in view of the death of its leader and symbol – Josip Broz Tito.<sup>5</sup> Self-managed planning had to be developed within and among enterprises: coordination of individual plans was to be legally required, and such co-ordination was to be codified into legally binding agreements between the enterprises on specific obligations and undertakings. Self-management planning therefore posited that the harmonious development of the country’s economy was to be based on labor-managed firms.

In recent years, several studies have highlighted the political and economic origins of self-management and its role in shaping the history of Yugoslavia during the Cold War.<sup>6</sup> However, little attention has been paid to the influence of self-management beyond Yugoslav borders, and to the relationship between management and planning.<sup>7</sup> This essay offers a preliminary historical analysis on how “labour management” came to be perceived in Western Europe as an alternative socialist way of planning, particularly in the domain of manpower. It also shows that the self-management model overcame the ideological boundaries of the Cold War through scholarly and intellectual networks, encouraged by the Yugoslav leadership, which influenced the zeitgeist of the late 1960s and early 1970s and, consequently, the agenda of policy-makers in Western Europe. This chapter is structured around three sections. The first focuses on the emergence of social and political unrest in Western Europe in the late 1960s, and the consequent need, for Western European policymakers, to look for new models of industrial relations. The second section deals with the role of Yugoslav scholars and intel-

---

4 Miloško Drulović, *L'autogestion à l'épreuve* (Paris: Fayard 1973); Cyrus Ardalan, “Workers’ Self-Management and Planning: The Yugoslav Case,” *World Development* 8 (1980): 623–638.

5 See Edvard Kardelj, *Pravci razvoja političkog sistema socijalističkog samoupravljanja* (Beograd: Komunist, 1978); Stefano Bianchini, *La Diversità socialista in Jugoslavia. Modernizzazione autogestione e sviluppo democratico dal 1965 a oggi* (Trieste: Editoriale Stampa Triestina, 1984).

6 On the origins of “self-management” see the recent contribution by Vladimir Unkovski-Korica, “Workers’ Councils in the Service of the Market: New Archival Evidence on the Origins of Self-Management in Yugoslavia, 1948–1950,” *Europe-Asia Studies* 66 (2014): 108–134.

7 The external influence of the Yugoslav model has been analyzed in connection with the Soviet bloc countries by Johanna Bockman, *Markets in the Name of Socialism: The Left-Wing Origins of Neoliberalism* (Stanford: Stanford University Press, 2011). For the French reception, see Frank Georgi, “A la recherche de l’autogestion. Les gauches françaises et le “modèle yougoslave (1948–1981)” <https://lms.hypotheses.org/288> (accessed January 2018). On the link between management debates and the question of planning, see Vladimir Unkovski-Korica, *The Economic Struggle for Power in Tito’s Yugoslavia: From World War II to Non-Alignment* (New York: I.B. Tauris, 2016); Dennison Rusinow, *The Yugoslav Experiment, 1948–1974* (London: C. Hurst for the Royal Institute of International Affairs, 1977).



lectuals in spreading in the West the idea that Yugoslavia's self-management system might be the solution to the improvement of democracy in industrial relations. The third and final section points at how the Yugoslav experience was a constant source of inspiration for the reforms on the labor market which were implemented in Western Europe throughout the 1970s.

## Looking for a third way

On 17 December 1972, the President of the European Commission, Sicco Mansholt, went to the island of Brioni for an official visit to Yugoslavia's leader, Tito, and Edvard Kardelj, the main ideologue of the Yugoslav regime and the putative "father" of self-management. The visit was supposed to set the seal on the renewal of the trade agreement which the European Economic Community (EEC) and Yugoslavia had concluded in 1970 – the first to be signed between the Community and a socialist country since the constitution of the EEC in 1957. For the Yugoslav regime, affected as it was by the centrifugal tendencies which had emerged during the "Croatian Spring" of 1971 and its successive repression, the renewal of the 1970 agreement was of major economic importance, as it was meant to signal the EEC's willingness to open its markets to Yugoslav agricultural and industrial produce, thereby offering a guarantee to its future economic growth. The renewal of the agreement also had a political meaning, to confirm the Community's willingness to support the political stability of the Yugoslav federation: the 1970 agreement had indeed been negotiated in the aftermath of the Soviet invasion of Czechoslovakia, which had aroused Western fears about Soviet expansionism towards the Balkans. In other words, the 1970 agreement and its renewal – still under negotiation at the very moment when Sicco Mansholt arrived in Yugoslavia to meet Tito and Kardelj – were the means of keeping the Balkan country, once again, "afloat".<sup>8</sup> Yugoslavia was therefore the *demandeur* of trade concessions which the EEC, although reluctant due to its traditional agricultural protectionism, was ready to accept for political reasons.<sup>9</sup>

---

<sup>8</sup> Yugoslavia had been supported by the West after the 1948 Tito-Stalin split through military and economic aid. See Lorraine M. Lees, *Keeping Tito Afloat: The United States, Yugoslavia and the Cold War* (University Park, PA: Penn State University Press, 1997), 43–119.

<sup>9</sup> On the origins and development of EEC-Yugoslav relations during the 1970s, see Benedetto Zaccaria, *The EEC's Yugoslav Policy in Cold War Europe, 1968–1980* (London: Palgrave Macmillan, 2016).

However, Mansholt's visit was somehow paradoxical. Despite Yugoslavia's clear economic weakness, talks focused only partially on economic relations between Belgrade and the EEC. Instead, special attention was paid to the Yugoslav system of self-management. During the bilateral meetings with Tito and Kardelj, Mansholt praised the Yugoslav model of industrial relations which, in his opinion, represented an expression of genuine workers' democracy. After exalting the political and social virtues of the "Yugoslav model", Mansholt – a member of the Dutch Labour Party – also discussed the possible application of the self-management system to solve social conflicts in Western Europe. Ironically enough, Yugoslavia, which had requested the EEC's economic help in terms of trade and cooperation, was depicted by Mansholt as a valuable model of economic organisation.<sup>10</sup>

Why did Mansholt praise Yugoslavia? Was his admiration sincere, or was it the mere expression of diplomatic politeness vis-à-vis one of the oldest and highly influential leaders of the socialist and non-aligned worlds? The answers to these questions must be sought in a general trend of admiration for Yugoslavia's position in the international arena and its innovative socio-political model. As regards its international position, since the late 1940s Western diplomatic circles had recognised Yugoslavia's national "road to Communism" as a precious asset in terms of ideological confrontation with Moscow – the Tito-Stalin split in 1948 was in fact the first challenge to Stalin's hegemony in East-Central Europe<sup>11</sup> – but also in terms of prevention of Soviet influence in the Balkans and the Adriatic. In addition, Western diplomats and policy-makers recognised and admired Tito's role in making Yugoslavia – a country which lacked real economic and military weight – one of the leading and most influential countries within the Non-Aligned Movement.<sup>12</sup> As previously noted, in the course of the 1960s, Belgrade had also been able to play a winning card in the Moscow-Belgrade confrontation in developing relations with the EEC and its member states. This was particularly the case of Italy which, after the establishment of the first center-left coalition in 1963, had improved its relations with Belgrade, regarded as a precious political and economic partner in the Balkans. The Socialist Party of Pietro Nenni, an ad-

---

**10** Arhiv Jugoslavije (AJ), KPR, I-3-b/42, Zabeleška o razgovoru Predsednika Republike sa g. Sicco Mansholtom, predsednikom Komisije EEZ, na Brionima, 17.12.1972; Zabeleška o razgovoru druga E. Kardelja sa Sikom Manšholtom, predsednikom Izvršne komisije Evropske ekonomske zajednice, 17.XII 1972. godine na Brionima.

**11** See Jeronim Perović, "The Tito-Stalin Split: A Reassessment in Light of New Evidence," *Journal of Cold War Studies* 9 (2007): 32–63.

**12** On Yugoslavia's non-alignment, see Tvrtko Jakovina, *Treća Strana Hladnog Rata* (Zaprešić: Fraktura, 2014).

mirer of Yugoslavia's road to socialism, played quite an important role in favouring Italian-Yugoslav relations in the late 1960s.<sup>13</sup> A similar role had been played by the Christian Democrats led by Aldo Moro, the first Italian Prime Minister to visit Yugoslavia in 1965.<sup>14</sup> And West Germany too had recognized the geopolitical asset represented by Tito's Yugoslavia after the entry of the Social-Democratic Party (SPD) into the coalition government and the demise of the Hallstein Doctrine.<sup>15</sup> The European Commission, the Community institution in charge of negotiating trade agreements by virtue of the Common Commercial Policy envisaged by the Treaty of Rome (1957), had recognised the political value of Yugoslavia as the first socialist country to enter into direct relations with the EEC (which the Communist rhetoric had traditionally depicted as an imperialist reality) and also for the importance attached by the Community to establishing good relations with developing countries within the G77. Mansholt himself, as the European Commissioner for Agriculture, had sponsored the establishment of the System of Generalised Preferences for members of the G77, including Yugoslavia.<sup>16</sup> In expressing his admiration for Tito's Yugoslavia, Mansholt was therefore following a well-established tradition of diplomatic admiration for the country's international status which eclipsed the reality of a weak federation characterized by a severe commercial deficit and centrifugal tendencies.

And yet, Mansholt's admiration for the Yugoslav model envisaging "indicative" state planning on the basis of enterprises' preferences and indications was not limited to a tradition of diplomatic regard for Yugoslavia's international role. In fact, it was linked to the socio-economic crisis undergone by Western European societies during the 1960s. Social and political unrest, mainly driven by students' and workers' protests, was a product of the *Trente glorieuses* – a period characterized by widespread social peace and marked economic growth – and started a process of change in social and political paradigms. Catchwords like

---

13 See Massimo Bucarelli, "Roma e Belgrado tra Guerra Fredda e Distensione," in *La politica estera italiana negli anni della Grande Distensione (1968–1975)*, ed. Pier Giorgio Celozzi Baldelli (Roma: Aracne, 2009), 144–157.

14 See Karlo Ruzicic-Kessler, "Italy and Yugoslavia: from distrust to friendship in Cold War Europe," *Journal of Modern Italian Studies* 19 (2014): 641–664.

15 See Milan Kosanović, "Brandt and Tito: Between Ostpolitik and Nonalignment," in *Ostpolitik, 1969–1974: European and Global Responses*, ed. Carole Fink and Bernd Schaefer (Cambridge: Cambridge University Press, 2009), 232–242. On the "Hallstein Doctrine" see Werner Kilian, *Die Hallstein-Doktrin. Der diplomatische Krieg zwischen der BRD und der DDR 1955–1973* (Berlin: Duncker & Humblot, 2001), 52–65.

16 On Sicco Mansholt's attitude towards the G77, see Giuliano Garavini, *After Empires: European Integration, Decolonisation, and the Challenge from the Global South 1957–1986* (Oxford: Oxford University Press, 2012).

“freedom” and “self-determination” spread throughout the world – from California to Mexico, to Poland, Czechoslovakia and Yugoslavia – through the powerful influence of the media and communication networks among activists. Traditional societal and economic practices were overwhelmed by new concepts concerning the place of individuals in society: protest movements across Europe called for new social and political rights.<sup>17</sup>

Reactions to the waves of political unrest affecting the Western hemisphere differed greatly. In the socialist bloc, the search for a new course of social and political relations was harshly repressed by communist élites – as epitomized by the Soviet intervention in Czechoslovakia in August 1968 – whereas in Western Europe political leaders were obliged to find a *modus vivendi* with the appeals for new education rights and improved working conditions which stemmed from their own societies. Social and political change obliged Western European élites at all levels – political, economic, academic – to search for new models of relations in society and, more in particular, in the education systems and workplaces.<sup>18</sup>

In the sphere of higher education, the 1968 movement and its aftermath spurred the governments of the EEC member states – the “Nine,” after the entry of Great Britain, Ireland and Denmark in 1973 – to launch the first Community initiatives, for both education<sup>19</sup> and vocational training.<sup>20</sup> Instead, as regards labor, the Western European leaderships were confronted with the need to improve working conditions in the Common Market, from health to mobility. Within this framework, the idea developed of widening workers’ rights and decisional powers in enterprises. This clearly emerges from the conclusions of the

---

**17** On the global implications of the 1968 movement, see Carole Fink, Philipp Gassert and Detlef Junker, *1968: the world transformed* (Cambridge: Cambridge University Press, 1998). See also Valentine Lomellini and Antonio Varsori, *Dal Sessantotto al crollo del Muro: i movimenti di protesta in Europa a cavallo tra i due blocchi* (Milano: FrancoAngeli, 2014).

**18** On the origins of the EEC social policy and its developments between the late 1960s and the early 1970s, see Antonio Varsori, “Alle origini di un modello europeo: la Comunità europea e la nascita di una politica sociale (1969–1974),” *Ventesimo Secolo* 9 (2006): 17–47.

**19** See Simone Paoli, *Il sogno di Erasmo. La questione educativa nel processo di integrazione europea* (Milano: FrancoAngeli, 2010), 70–125; Anne Corbett, *Universities and the Europe of Knowledge: Ideas, Institutions and Policy Entrepreneurship in European Union Higher Education Policy, 1955–2005* (London: Palgrave Macmillan, 2005), 60–96.

**20** Lorenzo Mechi, “Du BIT à la politique sociale européenne: les origines d’un modèle,” *Le Mouvement Social* 3 (2013): 17–30; Antonio Varsori, “La formazione professionale e l’educazione nella costruzione europea e il Cedefop,” in *Sfide del mercato e identità europea. Le politiche di educazione e formazione professionale nell’Europa comunitaria*, ed. Antonio Varsori (Milano: FrancoAngeli, 2006), 173–212; Francesco Petrini, “The common vocational training Policy in the Eec from 1961 to 1972,” *Vocational Training* 32 (2004): 45–54.

International Political Science Association (IPSA) round table held in Salzburg in 1968, according to which “one of the trends of the coming modernisation of politics is the trend towards increased participation in decision and policy-making processes.”<sup>21</sup> Indeed, the late 1960s and early 1970s saw the rise of debate regarding the concept of industrial democracy, that is to say, the reproduction of democratic practices within companies, in order to allow workers to participate in governing bodies.<sup>22</sup> These developments were closely linked to the concept of “planning”, i.e. the direct intervention of the state in the industrial domain, in order to regulate the relationships between employers and employees. It is therefore not surprising that academic and intellectual debates on how to reform industrial relations examined models of economic organization stemming from the Socialist world.<sup>23</sup> In terms of industrial relations, had socialist countries in Central and Eastern Europe something to teach in terms of economic planning which could also be applied to capitalist societies? The answer to this question indicated the Yugoslav experience of self-managed planning.

## Spreading the Yugoslav model in Western academic circles

International interest in the Yugoslav model was effectively spurred thanks to the International Labour Organisation (ILO).<sup>24</sup> Within the ILO, debates on industrial management had been developing since the 1920s, and resulted in a series of international instruments covering certain aspects of industrial relations, including the “Freedom of Association and Protection of the Right to Organise Conventions” in 1948, the “Right to Organise and Collective Bargaining Convention” in

---

21 Historical Archives of the European Union, Florence (HAEU), Alexandre Marc papers (AM), Box. 488.

22 See Campbell Balfour, *Participation in Industry* (London: Croom Helm, 1973); Walter Kolvenbach, *Partecipazione e governo dell'impresa. I modelli europei* (Roma: Edizioni Lavoro, 1984); Ettore Maraschi, “Democrazia industriale e organizzazione del lavoro,” *L'Impresa* 5 (1977): 491–496.

23 See Théofil I. Kis, “État des travaux sur la problématique de la convergence: théories et hypothèses,” *Études internationales* 2 (1971): 443–487. On the positive attitude of French intellectuals towards the Soviet model, see, for example, Georges-Henri Soutou, “Teorie sulla convergenza nella Francia degli anni Sessanta e Settanta,” *Ventesimo Secolo* 9 (2006): 49–77.

24 On ILO’s role in the exchange and circulation of expertise in the field of management between Western and Eastern Europe during the 1960s and 1970s, see Sandrine Kott’s chapter in this volume.

1949, and the “Voluntary Conciliation and Arbitration Recommendation” in 1951. These instruments were supplemented in 1952 by the “Co-operation at the Level of the Undertaking Recommendation,” which dealt with labor relations at enterprise level at a time when the term “workers’ participation” was not yet a topical concept.<sup>25</sup> However, the ILO had not managed to draw definite conclusions from such recommendations, due to the great variety of national practices and approaches to the problem of workers’ participation in the organization’s member states. In the early 1960s, ILO rephrased the question of industrial democracy. In 1962, it financed a study on workers’ management in Yugoslavia, in the conclusions of which it claimed that self-management had “undoubtedly strengthened the position of the collective *vis-à-vis* the management.”<sup>26</sup> In 1966, the ILO adopted a new resolution concerning workers’ participation in enterprises, as a result of which a technical meeting was convened in 1967, covering “methods used throughout the world to enable workers to participate in decisions within undertakings.”<sup>27</sup> The meeting concluded that worker’s participation was of prime importance and should constitute one of the ILO’s long-term commitments. ILO sponsored the launch a major research project on “Worker participation in company management,” which was carried out by the International Institute for Labour Studies (IILS) which the ILO had established in Geneva in 1960. The longest project ever carried out by the Institute, it became the top priority of IILS’s research work for more than 20 years. The aim of this study was a critical and comparative examination of solutions to the main social and economic problems which had already emerged or were about to emerge in the spheres of economic development, job satisfaction, social welfare and industrial organization.<sup>28</sup> In 1967, Robert Cox, the Director of IILS, concluded that workers’ participation in factories was a crucial element in the future development of Western societies.<sup>29</sup> Yugoslav experts had been actively involved in the definition of the working program since the early stages of the project. The first International Seminar on Workers’ Participation in Decisions within Undertakings held within the IILS

---

25 Walter Kolvenbach, *Partecipazione e governo dell’impresa*, 14.

26 International Labour Office. *Workers’ Management in Yugoslavia* (Geneva: International Labour Office, 1962).

27 See Maryse Gaudier, The International Institute for Labour Studies: its research function, activities and publications, 1960–2001. [www.ilo.org/wcmsp5/groups/public/-dgreports/-inst/documents/genericdocument/wcms\\_194523.pdf](http://www.ilo.org/wcmsp5/groups/public/-dgreports/-inst/documents/genericdocument/wcms_194523.pdf) (last accessed 31 January 2017).

28 Ibid.

29 Robert Cox, “La participation des travailleurs à la gestion des entreprises. Etat et avancement du projet. I – Un champ d’enquête fertile,” *Bullettin de l’Institut international d’études sociales* 2, February 1967.

project took place in Belgrade – upon the invitation of the Yugoslav government and in cooperation with the Yugoslav Commission for the ILO – in December 1969 and confirmed the prominent role of the “Yugoslav model” in policy debates on industrial relations.<sup>30</sup> The ILO research project stimulated the interest of international scholars on the Yugoslav model. The Czech sociologist Jan Vanek, who devoted many years to the study of Workers’ Councils in Yugoslavia,<sup>31</sup> stimulated the interest of his brother, Jaroslav Vanek who, as a professor of economics at Cornell University, was to become one of the most influential scholars in the field of “labor managed economy” in the course of the 1970s.<sup>32</sup>

Following ILO’s initiatives, Yugoslav scholars made great contributions to the creation of a critical networking system for international researchers and practitioners,<sup>33</sup> a pivotal role being played by Branko Horvat, the Yugoslav economist. Horvat was in fact a scholar with solid institutional links to the Yugoslav regime, which actively contributed to support his own efforts to make Yugoslavia’s self-management a reference model for discussions on industrial democracy in Western Europe. This attitude has to be contextualized within Yugoslavia’s aim at enhancing its relations with Western Europe in order to escape from the economic stagnation of the country and its serious commercial deficit. In 1965, Yugoslavia’s ruling party, the League of Communists of Yugoslavia (LCY) had indeed taken a “liberal” turn, which consisted of a gradual process of economic liberalization in order to develop and modernise the country’s industrial apparatus and link it to the Western European system.<sup>34</sup> Merging socialist and market principles, Belgrade aimed at reflecting the idea of “socialism with a human face” distinguishing itself from the Soviet model<sup>35</sup>.

---

**30** Activities of the ILO 1969. Report of the Director-General (Part 2) to the International Labour Conference, Fifty-fourth Session, 1970. International Labour Office, Geneva, 1970, 66. ([www.ilo.org/public/libdoc/ilo/P/09383/09383\(1970-54-part2\).pdf](http://www.ilo.org/public/libdoc/ilo/P/09383/09383(1970-54-part2).pdf) (accessed 2 June 2017). See also: ILO Report on International Seminar (Belgrade, 1969) on Workers’ Participation in Decisions within Undertakings, Geneva, 1970.

**31** Jan Vanek, *The Economics of Workers’ Management: A Yugoslav Case Study* (London: Allen and Unwin, 1972).

**32** See the author’s preface in Jaroslav Vanek, *The General Theory of Labor-Managed Market Economies* (Ithaca, London: Cornell University Press, 1970).

**33** Steven Deutsch, “A Researcher’s Guide to Worker Participation, Labor and Economic and Industrial Democracy,” *Economic and Industrial Democracy* 26 (2005): 645–656.

**34** Ivan Obadić, “A troubled relationship: Yugoslavia and the European Economic Community in détente,” *European Review of History* 21 (2014): 329–348.

**35** Archivio della Presidenza della Repubblica, Rome, Box 130, Yugoslavia, Appunto per il Presidente della Repubblica, 20 settembre 1968; See Ukandi G. Damachi, Hans Seibel, and Jeroen Scheerder, *Self-Management in Yugoslavia and the Developing World* (London and Basingstoke: The MacMillan Press, 1982), 1–5.

After studying economics, sociology and philosophy in Zagreb, Manchester and London, Horvat had become Research Director at the Federal Planning Bureau in Belgrade (1958 – 1963) and, between 1963 and 1970, had been the Director of the Institute of Economic Sciences, again in Belgrade. In 1967, he had founded the journal *Economic Analysis and Worker's Self-Management*,<sup>36</sup> which was to become the official journal of the International Association for the Economics of Self-Management (IAFESM), later officially established in Dubrovnik in 1978. Horvat made a great contribution towards stimulating the debate on workers' participation in Western universities, as a professor at the University of Michigan (1968), University of Florida (1970) and the American University in Washington (1970, 1972 and 1974). One of his first, major contributions was a journal article published as a supplement to the *American Economic Review* in 1971, entitled "Yugoslav Economic Policy in the Post-War Period: Problems, Ideas, Institutional Developments".<sup>37</sup> The article followed the mainstream idea of the "convergence of systems" – widespread among intellectual and political élites in both the West and the East, which posited the convergence between capitalism and socialism.<sup>38</sup> Indeed, Horvat argued that the Yugoslav model of economic and social planning could offer a number of advantages to Western enterprises, for at least three reasons:

- (1) it reduces uncertainty which is the basic restriction on free decision-making;
- (2) it increases the rate of growth, the market expands and so the number of available alternatives increases;
- (3) it equalizes success of a producer less dependent on external conditions which he cannot control and which are economically and socially irrational.<sup>39</sup>

Horvat's main conclusion concerned the "experimental" nature of the Yugoslav model, which could offer a solution to the "fallacious" dichotomy between planning and market.<sup>40</sup> His work reflected an impressive wave of scholarly contributions focused on what Horvat defined as the "Yugoslav social laboratory."<sup>41</sup> In

---

**36** Milica Uvalić, and Vojmir Franicević, "Introduction: Branko Horvat – Beyond the Mainstream," in *Equality, Participation, Transition: Essays in Honour of Branko Horvat*, eds. Vojmir Franicević and Milica Uvalić (Basingstoke: Palgrave Macmillan, 2010), XI.

**37** Branko Horvat, "Yugoslav Economic Policy in the Post-War Period: Problems, Ideas, Institutional Developments," *The American Economic Review* 61 (1971): 71–169.

**38** See Isabelle Gouarné's chapter in this volume.

**39** Horvat, 'Yugoslav Economic Policy', 159.

**40** *Ibid.*, 159–161.

**41** See the literature review offered by Phillip I. Blumberg, "Selected Materials on Corporate Social Responsibility," *The Business Lawyer* 27 (1972): 1275–1299. See also Ichak Adizes, *Industrial Democracy: Yugoslav Style* (New York: Free Press, 1971); Deborah D. Milenković, *Plan and Market*



parallel with Horvat's activism in spreading the notion of self-management in the Western intellectual world, other Yugoslav scholars were engaged in an analogous mission. This is particularly the case of the Dean of the Faculty of Political Science in Belgrade – Nadjan Pašić – who, in the early 1970s, praised the virtues of the Yugoslav model in several international seminars in the United States and Western Europe<sup>42</sup>.

Needless to say, the stream of academic debate regarding the Yugoslav model did also include critical views, which expressed scepticism about the applicability of the self-management system to Western capitalist economies. As Ellen Turkish Comisso was to argue in her comprehensive 1979 study on the country's self-management, discussion on the self-managed economy too often appeared "more intent on evaluating than in understanding, more anxious to package the Yugoslav experience with a seal of approval or disapproval than to explain and analyse its operation."<sup>43</sup> In this regard, the renowned American political scientist Robert Dahl was well aware of the unlikelihood of Western labor's support for any system of worker-owned industry.<sup>44</sup> And yet, in an article published in *The New York Review of Books* in 1970, Dahl himself argued that,

Yugoslavia is the only country in the world where a serious effort has been made to translate the old dream of industrial democracy into reality – or into as much reality as dreams usually are. Let me add at once that in the government of its state apparatus, Yugoslavia is not, of course, a representative democracy. . . . Yet if Yugoslavia is less democratic than the United States in the government of the state, it is more democratic in the way industries and other enterprises are governed.<sup>45</sup>

---

in *Yugoslav Economic Thought* (New Haven: Yale University Press, 1971); A. Ross Johnson, *The Transformation of Communist Ideology: The Yugoslav Case. 1945–1953* (Cambridge, Mass. & London: The MIT Press, 1972); Gerry Hunnius, G. David Garson and John Case, *Workers' control: A Reader on Labor and Social Change* (New York: Vintage Books, 1973); Duncan Wilson, "Self Management in Yugoslavia," *International Affairs* 54 (1978): 253–263; Joop Ramondt, "Workers' self-management and its constraints: The Yugoslav experience," *British Journal of Industrial Relations* 1 (1979): 83–94.

<sup>42</sup> See, for example, Marius J. Broekmeyer, *Yugoslav Workers' Self-Management. Proceedings of a symposium held in Amsterdam, 7–9 January, 1970* (Dordrecht: D. Reidel Publishing Company, 1970); G. David Garson, "Models of Worker Self-Management: The West European Experience," in *Worker Self-Management in Industry: The West European Experience*, ed. G. David Garson (New York: Praeger Publishers, 1977), 206.

<sup>43</sup> Ellen Turkish Comisso, *Workers' Control under Plan and Market: Implications of Yugoslav Self-Management* (New Haven and London: Yale University Press, 1979).

<sup>44</sup> Robert A. Dahl, *After the Revolution: Authority in a Good Society* (Yale: Yale University Press, 1970), 134–136.

<sup>45</sup> Robert A. Dahl, "Power to the Workers," *The New York Review of Books* 15 (1970): 20–24.

1975 marked the apex of Western scholarly interest in the Yugoslav model of self-management. The Yugoslav leadership had just approved a new constitution (1974) which had brought a series of fundamental changes for the management of its economy which were based on a “self-management planning” requiring continuing participation by all economic and socio-political entities in the country. This new constitution had followed a period of profound instability in the country, due to the emergence of centrifugal tendencies in Croatia (1971), a severe economic crisis after the 1973 Oil Shock, and the still open question of Tito’s succession. It was the aim of the Yugoslav leadership to exalt the model of self-management – one of the two pillars on which the Yugoslav federation was built, together with non-alignment – as a system which, in Pašić’s words, may “offer a historical alternative to the trend of bureaucratization, an alternative for many millions of people who today are helpless in the face of huge bureaucratic organizations which determine the conditions of their lives”<sup>46</sup>.

In 1975, the Executive Committee of the International Political Science Association (IPSA) decided to entrust to the Yugoslav Political Science Association the organization of a Round Table, to be held in Dubrovnik from 9 to 13 September. The objectives of the conference were: a) Participatory and Industrial Democracy and self-management as factors of modernisation of political systems; b) National and class interests in multi-ethnic societies. The Yugoslav model was therefore at the very core of the debate. Belgrade used the meeting to confirm self-management as a reference point for the question of industrial democracy to the many leading international political scientists gathered in its capital. The Yugoslav government took this opportunity for praising the system of self-management planning. As claimed by the regime’s ideologue, Edvard Kardelj, at the inaugural speech of the round table:

The very fact that the issue concerning the influence of self-management and participation on the development of contemporary political systems has attracted the attention of a large number of scientists from many different countries is a sufficient proof that this topic is reflecting one of the salient problems of the mankind. . . . Self-management theory and practice can, beyond any doubt, affect considerably further evolution of the social and democratic political systems in the world.<sup>47</sup>

---

<sup>46</sup> See Ichak Adizes, and Elisabeth Mann Borgese, *Self-Management: New Dimensions to Democracy* (Santa Barbara and Oxford: Clio Press, 1975), 118.

<sup>47</sup> HAEU, AM 488, Opening address by Edvard Kardelj at the Round Table Meeting, Dubrovnik, 9 September 1975.

## From theory to practice?

Did any move from theory to practice in fact take place? Reforms in the field of labor in Western Europe suggest that the answer to this question is negative: nowhere these reforms tended towards a system of “socially-owned” enterprises according to the Yugoslav experience.<sup>48</sup> Conversely, they led to the introduction of the less-radical concepts of “participation” and “codetermination,” which implied that decision-making power was shared with the management or the state.<sup>49</sup> However, the spread of academic works and debates on self-management described above did contribute towards bringing the problem of “labor management” to the top of the political agenda of Western European policy-makers. What could the West learn from the Yugoslav experience? The Yugoslav experience indicated that the state, through its normative intervention, could plan the role and prerogatives of manpower, and make it a driving force in the management of enterprises to solve social conflicts.

Who were the real promoters of the Yugoslav model? As suggested in previous section, the Yugoslav government played a crucial role in consciously exporting the self-management model in Western academic and intellectual circles. The impressive number of scholarly works, conferences and symposia addressing the issue of workers’ participation with the direct involvement of Yugoslav leading ideologists – *in primis* Edvard Kardelj – shaped discussion of the crucial question on how to reform industrial relations in Western Europe.

Indeed, in the EEC member states, references to the Yugoslav model frequently recurred in political debates between governing and opposition parties, concerning in particular the development of industrial democracy. In West Germany, the constitution of the “Grand Coalition” in 1967 revived the debate on workers’ participation, in order to expand the steel and coal discipline of co-determination (established in 1951) to all sectors of the economy. The Biedenkopf-Kommission, established at governmental level in 1968, confirmed the need to expand the practice of co-determination.<sup>50</sup> The Yugoslav model featured prominently in the West German debate on this topic, also as a consequence of the *Ost-*

---

**48** On the US experience, see Christopher Eaton Gunn, *Workers’ Self-Management in the United States* (Ithaca and London: Cornell University Press, 1984).

**49** For a general overview on the evolution of labour relations in Western Europe in the mid 1970s, see Johannes Schregle, “Labour Relations in Western Europe: Some Topic Issues,” *International Labour Review* 109 (1974): 1–22.

**50** David T. Fisher, “Worker participation in West German industry,” *Monthly Labor Review* 101 (1978): 59–63.

*politik* launched by the FRG Chancellor Willy Brandt. The termination of Hallstein Doctrine meant the re-activation of diplomatic relations between Yugoslavia and the FRG, which had been interrupted in 1957 after Tito's decision to recognize the German Democratic Republic. Yugoslavia was therefore seen under a new light in Federal Germany. What was stressed by the Social Democratic party was its peculiar role as a bridge between East and West, and a representative of the non-aligned movement.<sup>51</sup> It is therefore not surprising that the Yugoslav model became a benchmark for the evolution of industrial relations in the country, being praised by the very political elites which were engaged in the *Ostpolitik* in the late 1960s and early 1970s. Needless to say, Yugoslavia's example spurred animated discussions in the country.<sup>52</sup> On one hand, self-management was repeatedly quoted by the representatives of the Christian-Democratic Party (CDU) and by the employers' associations as a threat to the FRG's economic and social order. On the other, large sectors of the Social Democrat Party (SPD), headed by the party's chairman at the Bundestag, Herbert Wehner, declared themselves as being inclined towards the Yugoslav model of socialism.<sup>53</sup> After the electoral success in 1969, Willy Brandt's SPD set the expansion of co-determination as one of its top priorities. During the party congress in Saarbrücken in 1971, the Young Socialist faction of the party used the Yugoslav model as a reference point, pleading for the introduction of Yugoslavia's model of workers' self-administration. The result of this debate was a compromise between the above-mentioned views. The government coalition eventually agreed, in 1974, on a co-decision system – which came into force on 1 July 1976 – which also envisaged parity in the Supervisory Board of enterprises even beyond the coal and steel sector.<sup>54</sup>

However, it was in Italy and France that, between the late 1960s and early 1970s, leftist parties and trade unions stimulated an unprecedented debate on the self-management system. In fact, scholarly attention of the Yugoslav model in Italy and France had originally developed in the late 1960s due to a number of representatives of the European federalist movement, which viewed self-man-

---

51 See Hans-Dietrich Genscher, *Rebuilding a House Divided* (New York: Broadway Books, 1997), 488.

52 See, for example, Roggemann Hervig, *Das Modell der Arbeiterselbstverwaltung in Jugoslawien* (Frankfurt am Main: Europäische Verlagsanstalt, 1970). This volume considered the Yugoslav solutions in relation to the problems arising in West Germany.

53 'Jugoslawien – Kein Modell für Uns', Spiegel-Gespräch mit Dr. Hanns Martin Schleyer, Vorstandsmittglied der Daimler-Benz AG *Der Spiegel*, 25.05.1970. See [magazin.spiegel.de/EpubDelivery/spiegel/pdf/44906260](http://magazin.spiegel.de/EpubDelivery/spiegel/pdf/44906260) (accessed on 30 January 2017).

54 Fisher, "Worker participation," 59–63.

agement as a system grounded on the political values of federalism. In Italy, the search for a third-way between political democracy and individual freedom was cultivated by Adriano Olivetti, a *sui generis* figure of industrialist wishing to change the paradigms of capitalist society. Olivetti's political thought was in line with that of another leading figure of the European federalist movement, namely the French philosopher and political activist Alexandre Marc.<sup>55</sup> The latter appreciated the decentralization of power to self-managed enterprises and the autonomy of workers' communities. For him, self-management coincided with the basic principle of federalism, namely autonomy. From his view point, the Yugoslav model challenged the Soviet model of almighty "State", replacing it with that of "Society." For Marc, this was an experiment to be followed with great attention.<sup>56</sup> Italian federalists had also started reflecting on the need to link the European ideal to an organic social and political doctrine starting from the first issue of the journal *Democrazia integrale*, first published in 1963. During its first years, this journal had concentrated on the experience of self-government in different contexts, including Yugoslavia's self-managed enterprises.<sup>57</sup> The scientific legacy of *Democrazia integrale* was in fact the deepening and development of analyses on the Yugoslav experience. One of the first thorough assessments of the Yugoslav self-management to be published in Italy – in 1965 – was indeed the work of the then young political scientist Tito Favaretto, one of the first collaborators of *Democrazia integrale*.<sup>58</sup> Favaretto would later become the Director of ISDEE – *Istituto di Studi e Documentazione sull'Est Europeo* in Trieste which, in the early 1970s, conducted a major comparative research on workers' participation in enterprises in Italy and Yugoslavia which aimed at increasing the knowledge of Yugoslavia's self-management in the Italian political scenario.<sup>59</sup> In late 1960s, scholarly interest on the Yugoslav model matched with the rise of collective bargaining as a consequence of the emergence of social unrest in the two countries.

---

55 See Ferdinand Kinsky and Franz Knipping, *Le fédéralisme personnaliste aux sources de l'Europe de demain, hommage à Alexandre Marc* (Baden Baden: Nomos, 1996); Gilda Manganaro Favaretto, *Il federalismo personalista di Alexandre Marc (1904–2000)* (Milano: FrancoAngeli, 2006).

56 Alexandre Marc, "Faillite de l'autogestion?," *Europe en Formation*, no. 141, 1971.

57 Tito Favaretto, "Autonomia e potere nella Repubblica Federativa Jugoslava," *Democrazia Integrale* 6 (1965): 4–24 and 7(1965): 3–21.

58 Ibid.

59 The result of this research, started in 1971, were later published in Cecilia Assanti, Luigi Meneghini and Rudi Kyovski, *La Partecipazione dei lavoratori alla disciplina dei rapporti di lavoro in Italia e Jugoslavia* (Trieste: ISDEE, 1976).

In Italy, the center-left coalition headed by the Christian Democrat and Socialist parties looked for new models of industrial relations also to face, at the same time, the rise of radical, leftist groups – included *Autonomia operaia* and *Lotta Continua* – which seemed to be able to gain control of workers' protests.<sup>60</sup> The Socialist Party – traditionally an admirer of Yugoslavia's non-aligned policy and self-managed system<sup>61</sup> – played a pivotal role in re-defining industrial relations in Italy together with the country's main trade unions, which feared that workers' participation in enterprises might endanger their own *raison d'être*<sup>62</sup>. Within this framework, the example of labor managed economy offered by Yugoslavia – already present in the country's debates since the mid-1960s – featured prominently. The Italian Communist Party (PCI) was to increase its attention towards the Yugoslav model after the appointment of Enrico Berlinguer as Secretary General in 1972 and the consequent, gradual emancipation of the party from the Soviet influence.<sup>63</sup> As noted by some of its leading figures, Giorgio Amendola and Giorgio Napolitano, the issue of labor-managed enterprises went back to the political thought of Antonio Gramsci with regard to the role of workers in enterprises.<sup>64</sup>

Union-controlled factory delegate councils emerged as a platform for workers' control demands, as stated in the Law on Workers' Rights, approved by the Italian Parliament in 1970 with the support of the Socialist Party and left-wings elements among the Christian Democrats.<sup>65</sup> Within this framework, the three major labour groups – CGIL (*Confederazione Generale Italiana del Lavoro*), CISL (*Confederazione Italiana Sindacati Lavoratori*) and UIL (*Unione Italiana del Lavoro*) concluded a Trade Union Agreement stating that workers' councils' function was to negotiate industrial agreements.<sup>66</sup> This marked the overcoming of reserved managerial prerogatives. For instance, as noted by G. David Gerson, a prominent American scholar of self-management models during the 1970s, the

---

60 Silvio Lanaro, *Storia dell'Italia repubblicana. L'economia, la politica, la cultura, la società dal dopoguerra agli anni '90* (Venezia: Marsilio, 1992), 364–386; Bruno Trentin, "L'autogoverno nella fabbrica e nella società," *Mondoperaio* 32 (1979): 109–114.

61 See the documents stored at Fondazione di Studi Storici Filippo Turati, Firenze, Fondo Mario Zagari, serie 5: Affari Esteri, "Yougoslavie," 31–03–1973/09–10/1973.

62 See Gino Giugni, *Diritto sindacale* (Bari, Cacucci editore, 1986), 45–46; Gian Primo Cella, *Divisione del Lavoro e Iniziativa Operaia* (Bari: De Donato, 1972).

63 Silvio Pons, *Berlinguer e la fine del comunismo* (Torino: Einaudi, 2006).

64 Giorgio Amendola, *Antonio Gramsci nella vita culturale e politica italiana* (Napoli: Guida Editori, 1978); Giorgio Napolitano, *Intervista sul PCI* (Roma-Bari: Laterza, 1976), 51–73.

65 See Paolo Mattera, *Storia del PSI 1892–1994* (Roma: Carocci, 2010), 192–196; G. David Gerson, "Models of Worker Self-Management," 17.

66 See *Autogestione e lotta per il lavoro* (Roma: Nuove Edizioni Operaie, 1976).

labor contract regulating employees' rights in FIAT (*Fabbrica Italiana Automobili Torino*) “asserted unprecedented control affecting not only working terms and conditions but also location of investments and the basic plan of production . . . In general, the factory delegate system has brought about decentralised, detailed negotiations for collective agreements of unprecedented scope.”<sup>67</sup>

After the spectacular events of May 1968, self-management became a central element in the political agenda of French unions and leftist parties. To seize upon the issue of workers' participation, the Government promoted a substantial expansion in the contents of collective agreements, combined with a trend towards “multi-industrial” bargaining at national level. This produced major agreements on job security (1969), training (1972) and guaranteed income for employees over 60 years of age without employment (1972).<sup>68</sup> The Yugoslav model echoed in French public debates on the issue of industrial democracy.<sup>69</sup> As noted by the French Foreign Ministry in March 1972: “French public opinion follows with sympathy the original experiment of Yugoslav socialism as some political groups are particularly interested in the possibilities opened by self-management”.<sup>70</sup> These milieus – which gained large visibility in France and abroad after the strike at the LIP watch factory and the consequent attempt to install a self-managed rule in the firm – encompassed in particular the representatives of the French Socialist Party. The latter invoked a vision of “another society” making continuous references to the models proposed by Yugoslavia and, later, Algeria – a country which was emerging from France's recent colonial rule.<sup>71</sup> Like in Italy, a prominent role was played by the country's largest trade unions, such as the communist *Confédération general du travail* (CGT) and, in

---

67 G. David Garson, “Models of Worker Self-Management.”

68 Jacques Chazal, “La participation des travailleurs aux décisions dans l'entreprise en France,” *Revue syndicale suisse: organe de l'Union syndicale suisse* 66 (1974): 326–333.

69 Marie-Geneviève Dezès, “L'utopie réalisée: Les Modèles étrangers mythiques des autogestionnaires français,” in *Autogestion: La dernière utopie*, ed. Frank Georgi (Paris, Publications de la Sorbonne, 2003), 30–54. On French literature on self-management during the 1970s, see also Pierre Rosanvallon, *L'Age de l'autogestion* (Paris, Le Seuil, 1976); Edmond Maire, *Demain l'autogestion* (Paris: Seghers, 1976).

70 “L'opinion publique française suit avec sympathie l'expérience originale du socialisme yougoslave, certains milieux politiques s'intéressant particulièrement aux possibilités ouvertes par le système de l'autogestion”. See Archives du Ministère des Affaires Étrangères, La Courneuve, Europe 1971–1976, 3766, Ministère des Affaires Étrangères, Direction des Affaires Politiques, Note, La France et la Yougoslavie, Paris, 24 March 1972.

71 Stephen Bornstein and Keitha S. Fine, “Worker Control in France: Recent Political Developments,” *Worker Self-Management in Industry*, 152–191.

particular, the *Confédération française démocratique du travail* (CFDT).<sup>72</sup> The CFDT played a particularly important role in proposing a system of *socialisme autogestionnaire*, which developed out of close contacts with representatives of Yugoslav trade unions which would continue throughout the 1970s.<sup>73</sup> The campaign promoted by the CFDT was to shape the national debate on workers' representation in enterprises. According to a Report published by the Sudreau Commission, established in 1974 on the initiative of the French President Valéry Giscard d'Estaing to cope with popular response to the unions' platforms, a larger field of application was to be left to collective bargaining. The governmental Centre for the Coordination of Research on Self-Management (CICRA) played a strong role of advocacy which echoed the general call by the Socialist Party, firstly the opposition leader François Mitterrand, for self-management.<sup>74</sup>

In the mid-1970s, debates on industrial democracy in Great Britain were influenced by extensive reforms in the field of workers' participation in Europe, particularly in Yugoslavia<sup>75</sup>. The Employment Protection Bill, which came into force on 31 January 1975 at the initiative of the Labour Party, envisaged the right for trade unions to bring recognition disputes before a governmental authority, the Conciliation and Arbitration Service, which could recommend recognition by employers.<sup>76</sup> Within the Labour Party, debates on workers' participation took the Yugoslav model into serious account. This is shown, for example, by the role played by the Fabian Society – to which some of the Party's leading figures such as Harold Wilson and Roy Jenkins were politically close – in favoring debates on self-management. As maintained by Jeremy Bray and Nicholas Falk in the periodical *Fabian Tract*:

Any discussion of workers' management is bound to take account of Yugoslav experience. It is impossible to transplant institutions from one society to another, differing in history, culture, psychology, education, state of development and political system. But the Yugoslav

---

<sup>72</sup> Daniel Chauvey, *Autogestion* (Paris: Editions de Seuil, 1970).

<sup>73</sup> On the CFDT's stance on self-managed enterprises, see Albert Detraz, Alfred Krumnov and Edmond Maire, *La CFDT et l'autogestion* (Paris: Les Editions du Cerf, 1974); See also Archives de la CFDT, Paris, CH/7/715, Relations entre la CFDT et la Confédération des Syndicats Yougoslaves, 1967–1970.

<sup>74</sup> Albert Deutsch, "Researcher's Guide," 4. François Mitterrand's support for self-management was highlighted by Sicco Mansholt to Edvard Kardelj during the December 1973 meeting quoted above.

<sup>75</sup> Derek C. Jones, "Worker Participation in Management in Britain: Evaluation, Current Developments, and Prospects," in "*Worker Self-Management in Industry*," 145.

<sup>76</sup> "Employment Protection Bill," *House of Commons Bill* 119, 25 March 1975. See also "The Community and the Company." Report of a Working Group of the Labour Party Industrial Policy Subcommittee, 1974.



experience raises important questions, and has served as a focus for an increasing volume of criticism and analysis of the economics of workers' control. Workers' management in Yugoslavia developed not as the application of an ideological blue-print, but as the practical means of industrial development of a country with strong internal antagonisms and well founded suspicions of central control, lacking an established industrial structure. This makes it more remarkable as a politico-economic invention.<sup>77</sup>

The developments described above constituted clear evidence of the increasing governmental recognition of the inadequacy of industrial relations systems and the need to avoid social confrontation. With hindsight, the increasing intervention of the state in regulating industrial relations confirms that Mansholt's praise of the Yugoslav system of self-management described at the beginning of this chapter was, in fact, not an isolated or exceptional attitude. In addition, Mansholt's words were set within the context of a general debate which took place at Community level about the problem of workers' democracy in the early 1970s. The importance of social provisions in this field was officially confirmed at the Conference of the Heads of State and Government held in October 1972 in Paris. In its "Guidelines for a Social Action Programme," presented to the Council on 18 April 1973, the European Commission declared that improvements in living and working conditions were the basic objectives of the Community.<sup>78</sup> Participation and industrial democracy was one of the three priority themes of the program. Indeed, one of the first effective decisions to be sponsored by the Mansholt Commission was the establishment of the European Foundation for the Improvement of Living and Working Conditions (EUROFOUND) in December 1973.<sup>79</sup> To draft its proposals in the sphere of labor, the Commission relied on a vast network of academic experts, which the institution consulted regularly during international round tables and conferences. This is the case, for example, of the Conference on Work Organisation, Technical Development and Motivation of the Individual, held in Brussels on 5–7 November 1974. In these circumstances, the Yugoslavia's Workers Councils had been quoted and discussed as reference points on the virtues of workers' participation by several researchers, including

---

<sup>77</sup> Jeremy Bray and Nicholas Falk, "Towards a worker managed economy," *Fabian Tract* 430 (1974): 1–30.

<sup>78</sup> Supplement 4/73 to the Bulletin of the European Communities, 1973. On the origins of the Social Action Programme see Varsori, "Alle origini di un modello europeo," 17–47; Jean Degimbe, *La politique sociale européenne du Traité de Rome au Traité d'Amsterdam* (Bruxelles: Institut Syndicale Européen, 1999), 20.

<sup>79</sup> HAEU, BAC-COM(1973)2026, Création d'une fondation Européenne pour l'amélioration des conditions de vie et de travail (Communication et proposition de la Commission au Conseil), Bruxelles, 5 December 1973.

Kenneth Walker of the ILS in Geneva.<sup>80</sup> In the following years, the European Commission published a number of documents affirming the need to create a Community discipline in the sphere of industrial democracy. On 12 May 1975, the Commission also presented a proposal for a Council Regulation on the Statute for an envisaged “European Company” to regulate, for the first time, workers’ participation at European level.<sup>81</sup> The Commission’s proposal included the creation of European “Work Councils,” representing all the employees of “European Companies” with offices in various member states.<sup>82</sup> A few months later, the Commission also published a Green Paper on Employee Participation and Company Structure in the European Communities (the “Gundelach Report”), which sought to give new impetus to the continuing debate on the decision-making structures of industrial and commercial enterprises.<sup>83</sup> One year later, in 1976, a European Commission Communication on the Humanisation of Work insisted on the need to combat alienation in the workplace through the involvement of workers in decision-making processes: “The reform of work organisation is a continuing process, the full potential of which cannot be appreciated *a priori*, given that, essentially, it implies by definition a genuine participation of the employees and an increase in the value of their contribution to the smooth running of the enterprise.”<sup>84</sup>

At Community level, the question of workers’ participation was to represent a continual theme for discussion until the end of the decade, culminating in the proposition of the “Vredeling Directive” in October 1980. However, the attempt by the European Commission to harmonise rules concerning industrial relations at European level were doomed to fail. The Council of Ministers of the EEC took no decisive measures to create one single form of undertaking under company law in Europe; on the contrary, at the time the Commission’s proposed “Statute” met with severe criticism from employers’ associations and European trade unions. Only in September 1994, after more than 20 years of debate, did the Council

---

**80** Archive of European Integration, University of Pittsburgh, (AEI), Commission of the European Communities, Conference on Work Organisation, Technical Development and Motivation of the Individual, Brussels, 5–7 November 1974, <http://aei.pitt.edu/39679/1/A3935.pdf> (Accessed 10 February 2018).

**81** Supplement 4/75 to the Bulletin of the European Commission, 1975.

**82** Jorn Pipkorn, “Employee Participation in the European Company.” Paper for the International Conference on Trends in Industrial and Labour Relations, Montreal, Canada, 26 May 1976.

**83** HAEU, European Commission Green Paper on Employee Participation and Company Structure in the European Communities, COM(75)570.

**84** HAEU, Commission of the European Communities, Reform of the organisation of work (Humanisation of Work), Communication from the Commission to the Council, COM(76) 253 final., Brussels, 3 June 1976.

of Ministers adopt a Directive on the Establishment of a European Works Council for the purposes of informing and consulting employees.<sup>85</sup>

Indeed, the late 1970s witnessed a radical change in the models of socio-economic relations in Western Europe, as the focus of policy-makers shifted from industrial democracy to the fight against inflation and financial stability. At the same time, with the only exception of Mitterrand's first mandate as French President, the 1980s witnessed a reduction in national interventionism, which began in favor of greater liberalization of the economy, corresponding to the entry on the international scene of Ronald Reagan in the United States and Margaret Thatcher in the United Kingdom.<sup>86</sup> These international developments meant the decline of the age of industrial democracy and the gradual removal of this subject from the agenda of policy-makers. Such a political and cultural shift was paralleled by the simultaneous waning of Yugoslavia as a model of economic organization in Western European political debate, as the economic decline undergone by the country in the late 1970s and the acceleration of centrifugal trends in the federation after the death of Tito in 1980 emphasized the limitations of self-management.<sup>87</sup> In the early 1990s, the Yugoslav wars would turn the Yugoslav "dream" into a "nightmare."<sup>88</sup>

In fact, the academic literature on "labor management" and Yugoslavia's role in it continued to flourish.<sup>89</sup> What was the reason for such persistence?

---

**85** On the Vredeling Directive, see Laurent Warloutzet, *Governing Europe in a Globalizing World* (New York: Routledge, 2017), in particular Chapter 3; Francesco Petrini, "Demanding Democracy in the Workplace: The European Trade Union Confederation and the Struggle to Regulate Multinationals," in *Societal Actors in European Integration. Polity-Building and Policy-making 1958–1992*, ed. Wolfram Kaiser and Jan-Henrik Meyer (London: Palgrave Macmillan, 2013), 151–172; Jean-Jacques Danis and Reiner Hoffman, "From the Vredeling Directive to the European Works Council Directive – some historical remarks," *Transfer: European Review of Labour and Research* 1 (1995): 180–187; Michael Nelson, "The Vredeling Directive: The EEC's Failed Attempt to Regulate Multinational Enterprises and Organize Collective Bargaining," *New York Journal of International Law and Politics* 20 (1988): 967–992.

**86** See Richard Aldous, *Reagan and Thatcher: The Difficult Relationship*, (London: Hutchinson, 2012).

**87** See Sabrina P. Ramet, *The Three Yugoslavias: state-building and legitimation, 1918–2005* (Bloomington, IN: Indiana University Press, 2006), 325–340.

**88** Georgi, *Autogestion*, 8.

**89** See, for example, Nadjan Pašić, Stanislav Grozdanić and Milorad Radević, *Workers' management in Yugoslavia: Recent developments and trends* (Geneva: International Labour Office, 1982); Saul Estrin, *Self-management: Economic theory and Yugoslav practice* (London: Cambridge University Press, 1983); Chris Rojek and David Wilson, "Workers' self-management in the world system: The Yugoslav case," *Organization Studies* 8 (1987): 297–308.

The answer to this question is linked to the fact that the Yugoslav model was an abstract reference used to construct theoretical models which, in the end, were not tested in reality.<sup>90</sup> However, as shown in this chapter, Yugoslavia's self-management became an *Idealtypus* which, although not claiming validity in terms of correspondence with social reality, emerged as a reference point for the evolution of industrial relations in Western Europe.

## Conclusion

In the late 1960s, Western Europe underwent a period of social and political turmoil which marked the end of the *Trente glorieuses*. To face social discontent, Western European leaderships looked for new models of relations in the field of labor: the idea of enhancing “labor management” was developed, in order to improve democracy at industrial level and reduce workers’ alienation. Such reformist zeal developed out of an intense period of academic and political debate over the best way to reform industrial relations. Within this debate, the Yugoslav model of self-management featured prominently. Western European élites at all levels – political, economic and academic – focused in particular on a system of “self-management” based on direct participation of workers in the management of socially-owned enterprises. International organizations such as the ILO and academic networks focusing on the Yugoslav model contributed towards bringing the problem of “labor management” to the forefront of the political agenda of Western European leaders, as demonstrated by the exponential rise in state interventionism in the fields of manpower and industrial democracy. Although the constitutive principles of self-management were not applied in Western Europe, the Yugoslav experience frequently recurred in the political debate which surrounded the introduction of such new normative measures.

This chapter concludes that the Yugoslav model taught Western Europe a useful lesson, pointing to the “ideal” virtues of self-management planning in order to improve industrial relations. The impact of Yugoslavia's self-management was therefore mainly theoretical: it favored debates on industrial democracy and shaped Western European cultural and political zeitgeist of the early 1970s in the labor field. Yugoslavia represented a genuine “social laboratory” where self-management could be tested and implemented. The fortune of the Yu-

---

<sup>90</sup> See Saul Estrin and Milica Uvalić, “From Illyria towards Capitalism: Did Labour-Management Theory Teach Us Anything about Yugoslavia and Transition in its Successor States?,” *Comparative Economic Studies* 50 (2008): 663–696.

goslav-style managed economy was not linked to its performance – which retrospectively proved to be weak – but to the very fact that it proposed, at least in theory, a new way of planning which refused at the same time the centralised Soviet model and the indicative Western measures. However, as all theoretical models it was affected by the evolution of debates on industrial democracy, being overcome when the *nouvelle vague* of economic liberalism became the new reference model in the Western world, and Yugoslavia, due to its internal contradictions, foundered into its fatal crisis.

