

# Radio Free Europe and Ost-Dienst on the Contradictions of Yugoslav World-Market Integration in Environmental and Energy Policy 1972-1985

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## Introduction: Yugoslavia's Position in Environmental Diplomacy

In the early 1970s when Yugoslavia participated in the UN Conference on the Human Environment in Stockholm and produced the first report on the state of environmental pollution in Yugoslavia (Paglia 2021; Sekulić 1972). **The Stockholm Conference was an important event of environmental diplomacy.** Yugoslavia joined developing countries to raise questions of global inequalities. The Yugoslav delegation took the UN Conference as a platform to talk back to the Western nations about the environmental consequences of developmental disparities and suggested forms of global cooperation for the environment that would level rather than exacerbate developmental disparities<sup>1</sup>. Yugoslavia sided with developing countries' concern that the environment would be used by developed countries to halt economic development in the rest of the world (Paglia 2021). The head of the Yugoslav Delegation, Trpe Jakovlevski, urged the Western delegations to examine “all existing possibilities and of securing the required means for meeting effectively the needs of all those countries which are not in a position to bear the burden of additional costs incurred as a result of their underdevelopment” (Sekulić 1972, 127).

As an American, counter-authoritarian broadcasting service directed at the countries of the Eastern Bloc, Radio Free Europe (RFE) took an interest in environmental protection in the communist countries. The collections of press clippings and background reports of the RFE offer rich documentation on how environmental protection and energy politics became important battlefields for ideological competition between the Blocs (Brain 2016; Hamblin 2010). While the RFE decided against establishing a broadcasting service in Yugoslavia, political-economic and cultural developments in Yugoslavia were closely monitored by RFE<sup>2</sup> particularly from the perspective of

Yugoslavia's peaceful exit from the Soviet Union and its commitment to finding its own road to socialism (Holt 1958, 163).

One of the first RFE briefings on the environment that I found at OSA instructed RFE staff to focus in their reports on how to report on the forms of environmental pollution that communist countries "admitted"<sup>3</sup>. RFE report on Yugoslavia's participation in the Stockholm Conference with the title "Pollution Problem in Yugoslavia" (16.1.1973)<sup>4</sup> can be seen in this light. The report focussed on the forms of pollution caused by industrialization and urbanization that Yugoslavia had summarized for its participation in the Stockholm Conference. Rather nebulous remains, however, the actual motivating cause that brought Yugoslavia to participate in the conference, namely, the questions of unequal development and the geopolitics of global environmental policy-making, which formed the heart-piece of Jakovlevski's speech. The RFE report presents the Conference as an awakening call for a country "in the process of rapid industrialization" through the "alarms sounded by more industrialized countries". It also reports that Yugoslavia "tried to present the Yugoslav concept of the environment problem; that is, how Yugoslavia conceives international cooperation in this field", but this point is not being elaborated upon. RFE thus presented Yugoslavia as a country that needs to be enlightened on the dangers of the chosen developmental path by countries more advanced on the developmental ladder.

## Research Question and Methodological Considerations

Based on theories of dependent development, I trace how Yugoslav and Western media depict the contradictions arising from Yugoslav world-market integration in the field of environment and energy. I focus on specific contradictions of world-market integration of socialist Yugoslavia, which historians of Yugoslavia have pointed out. These are (1) the dynamics of dependent development, especially in the area of technology import and the necessity of export-oriented production to pay back foreign debt, (2) the reactivity to external shocks and limited capacity to engage in long-term macro-economic planning and policy-making, and (3) foreign market integration and foreign investments leading to exacerbating regional and social inequalities within Yugoslavia.

The Open Society Archives contain press clippings from Western and Yugoslav media selected by RFE staff as well as RFE Background Reports. It is difficult to know the criteria by which the press clippings were collected and organized and thus it is difficult to say which part of Yugoslav or Western media reporting on environmental issues the Open Society Archives contain. I have chosen to focus my analysis on RFE reports for which I could find both Yugoslav and Western media press clippings in the RFE records. I aim to show how Yugoslav and Western media distinguished between policy choices (agency) and external forces (structure) and thus arrive at an evaluation of the positioning of RFE concerning Yugoslav environmental and energy politics that is in line with the Visegrad Fellowship theme "Regimes of Truth". Through my research at OSA, I found the West German magazine *Ost-Dienst* as an interesting voice within the field of dependent development. Its Yugoslav correspondent, Hans-Peter Rullmann, sympathized with Yugoslav guest workers and later also represented right-wing Croatian diaspora. His reports are critical of the exploitative forms of cooperation of the FRG with Yugoslavia and also anti-communist.

In the following, I will present two case studies, where RFE and *Ost-Dienst* reports can be juxtaposed with Yugoslav and Western media reporting on Yugoslav environmental and energy politics. First, I looked into debates around the role of foreign investment in environmental protection in Yugoslavia, specifically, in relation to the extraction of sinter magnesite from seawater in cooperation with the American company Harbison-Walker and the extraction of oil in cooperation of the Croatian INA and American company Dow Chemicals. Second, I picked the discussions around credits from the EEC countries, especially West Germany, and the EIB to Yugoslavia in the course of Yugoslavia's integration to the European electricity grid in 1974-76 and reports around electricity cuts starting from 1980 leading up to the winter heating crisis in Belgrade in 1983.

## Yugoslav-American Joint Ventures

With the early introduction of market reforms in 1965 and openness to investments, technology transfer, and science exchange with Western capitalist countries, Yugoslavia had close economic cooperation with Western countries. Joint ventures and investments of capitalist firms in socialist countries were among the drivers of dependent development (Frank 1977). At the Stockholm Conference, so-called “trans-ideological companies” from the capitalist world were regarded as a potential driving force to elicit environmental protection policies in socialist countries. The *Neue Züricher Zeitung* reported that there was “the only optimistic voice on the Stockholm Conference, which was French expert of international law Samuel Pizar, who insinuated

“hope for cooperation between so-called trans-ideological economic giants – on the realistic basis of stout economic interests had appeared an interplay between the state companies of the communist countries and the much-maligned private multinationals of the West. This has better prospects for success than UNO-Conferences, diplomats, moralists, and intellectuals could ever force the hostile nations to action.” (Neue Züricher Zeitung 24.9.1974 Global Symptoms of Illness, HU OSA 300-2-10:334 Pollution 1971-75)

Emphasizing how environmental protection would pose a challenge for communist countries, whose political legitimacy depended on economic growth through heavy industrialization, the *Neue Züricher Zeitung* suggested that world-market integration through cooperation with capitalist companies would eventually turn socialist countries to adopt environmental protection measures.

This perspective that ultimately economic relations would prevail over ideological differences was raised in relation to the “polluter pays” principle, which Yugoslavia and a few other market socialist countries like Hungary adopted after the Stockholm Conference (Pál 2017; Gagyi 2021). Western media picked up on market-socialist countries using the “polluter pays” principle and mocked it as a realization on the part of those countries that they had failed to produce a “socialist man”:

“Supporters of the decentralized alternative ... appeal to the people and hope for their emancipation under socialism. Although socialist people have so far not revealed any deviating behavioral patterns from non-socialist ones, learning processes are to be set in motion among broad masses in order to force the necessary revision of the theoretical concept and the reform of environmental practice from below, as it were. Through the insight into the matter and not through strong authorities, people should be led to environmentally friendly behavior. First, the beginning of the learning process and, second, the quality of the educational work are decisive. The advocates consider the environmental laws and framework plans suitable as instruments.

To maintain the master plan, the state should use a number of economic instruments - in order **to avoid possible comparisons with market economies, they are called levers** - such as interest, credit, and tax policies. This decentralized approach is characterized by a large number of decision-making levels, which range from state bodies to regional authorities. In this respect, this approach shows parallels to decentralized efforts in the West.” (Neue Züricher Zeitung 9.9.1976 Environment Protection in East Europe by Victor Grabik, HU OSA 300-10-2:334 Pollution 1976-77)

The impact of “trans-ideological giants” on domestic environmental protection was discussed in the Yugoslav press in relation to marine pollution caused by the extraction of oil and sinter magnesite in American-Yugoslav joint ventures.



Figure 1 Vjesnik 5.5.1979 Bakarski je Zaljev Već Uništen, a Zagađivaci se Prepucavaju (HU OSA 300-10-2:334 Pollution 1978-79)

## Yugoslav Press – “Environmental Protection as a Question of Self-Management, not Technology”

In 1976 Dow Chemicals and INA signed an agreement for a joint venture. The petrochemical complex DINA, which was hailed as one of the “most environmentally conscious plants in Europe” (Cummings, Boshyk, and Martin 1992, 62). Because of alert to conflict between tourism and industry on the Croatian island Krk industries were asked to finance a research study on marine pollution based on the polluter-pays principle: “everywhere in the world, and thus also in our country, the **biggest tribute is paid by new industries, especially if they are potentially the biggest polluters**”<sup>5</sup>.

DINA stopped financing the research study, arguing that it would be a form of foundational research that is usually not paid for by investors and organizations of united labor. In 1979 Vjesnik reported that different branches of industry blamed each other for pollution, claiming that they have the technology for the protection of the environment – even if scientists were not sure what these companies mean by the term and what exactly that entails<sup>6</sup>. Moreover, the article cites a case where a thermoelectric power plant was convinced by its environmental protection measures, but not taking into consideration the movement of air that a scientist from the Hydrometeorological Institute of Croatia pointed out.

“From all you can see until now, they like to throw responsibility from one to the other. Namely, each one is quite sure of their technological process and safeguards, but will always find faults and highlights pollutants of the others. Thus, the Yugoslav Pipeline (Jugoslavenski Naftovod) believes that it will have the most comprehensive protection in the case of some accident during transportation, **but we still don’t know what that protection consists of** ... DINA petrochemistry is also convinced about its facilities” (Vjesnik 4.8.1979 Rijeka: Vile u Naftno Smetlište, HU OSA 300-10-2:334 Pollution 1978-79)

**In the case of Yugoslavia, the application of the “polluter pays” principle was complicated by technological dependency from the West.** The question of technological dependency was also discussed in relation to the extraction of sinter magnesite, which was among the raw materials that Western countries were interested in. For example, in 1974 the West German Scientific Service Southeast Europe (Wissenschaftlicher Dienst Südosteuropa) reported on Yugoslavia participating with 6% in global magnesite production<sup>7</sup>. Sinter magnesite was classified in international conventions as “third category“, so-called “cleanest dirty“ technologies<sup>8</sup>. The production would far outreach Yugoslav needs, the factory in Bar was planned as a joint venture with the American company Harbison-Walker, who also gave the license for the procedure of extracting magnesite of seawater and obliged Yugoslavia to export 10 000 tons yearly<sup>9</sup>.

The extraction of sinter magnesite from seawater led to local protests in Ulcinj near Bar organized by tourist organizations (Jancar 1992, 345). Skepticism towards the “cleanest among the dirty technologies” also emerged in the newly picked location Omiš. Here, the investors brought in their

own researchers from Canada to investigate the environmental impact as low, the local sanitary inspection did not adopt the report<sup>10</sup>. Omiš inhabitants went to the Second Conference on the Protection of the Adriatic held in Hvar, where investors presented their results to protest.

“Critics, including the very prominent names of Croatian scientists and businessmen calculate: if both Bar and Omis projects are achieved, Yugoslavia would – miraculously or with its own negligence **based on megalomania** – become suddenly the world’s largest manufacturer of sinter magnesite. The largest similar similar plant in the world is located in the US ... and gives the market about 120,000 tons of sinter magnesite a year. But neither this nor any other factory ... have much luck, because they operate at a significantly reduced capacity. Also, the price on the world market is neither tempting nor stable” (13.4.1979 Peticija Protiv Sintermagnezita – Niko Neće Industriju Koja Prlja Jadran, HU OSA 300-10-2:334 Pollution 1978-79)

An article laments the lack of self-management in this case, where no attempt was made to reach an agreement between the local community, investors, and inspection it came to confrontation.<sup>11</sup>

“the **self-governing institution of the citizen council has decided not to leave its own (but also wider) interest to the current technological whim** but to the decision of the general self-management” (Večernji List 9.4.1979 Kako Očuvati Jadran, HU OSA 300-10-2:334 Pollution 1978-79)

The article also asked whether self-management could protect Yugoslavia against the technological fixes suggested by investors, which concealed pressures of the world market such as export production and technology dependency.

“The newest self-governing decision of the inhabitants of Omis that they do not want “dirty industry” in their city, clearly shows that **in our country the protection of the environment is in firstly a question of self-government and only after that a question of technology.**” (Večernji List 9.4.1979 Kako Očuvati Jadran, HU OSA 300-10-2:334 Pollution 1978-79)

## **Ost-Dienst – “Revise Investment Legislation at The Expense of Workers’ Self-Management”**

The German Ost-Dienst presents the attempts of Yugoslavia to control foreign investment through self-management as detrimental to further foreign investment:

“A US banker, who used to warm up to Belgrade, now suddenly: ‘It looks like Yugoslavia finds itself at a turning point where it has to decide whether the benefit or the horror of foreign investment is greater for the country’ - **a clear request to revise the investment legislation quickly, possibly at the expense of Yugoslav workers’ self-management system**, which makes it almost impossible for foreign partners to control the use of their own investment funds” (Ost-Dienst 12.12.1980 Amerika hat das Interesse verloren, HU OSA 300-10-2:501 Yugoslavia: Hans Peter Rullmann 1980 [3 of 4])

In another article, Ost-Dienst mocks Yugoslav attempt to produce its own environmental protection technology as a case of “politically motivated investment” of Belgrade:

“as if the new factory had ‘fallen out of the sky in a way unexpected for everyone’ ... it now rises on a hill above the village of Veliko Boljnica. The area in the deepest corner of the Serbian province is considered economically underdeveloped, but politically significant: Bulgaria is close. ... According to the plan, 300 people should produce environmental technology in the new factory, which the largest relevant Yugoslav companies have so far not been able to produce ... but now one wonders what the factory is supposed to do here. During the planning process, it was forgotten that the factory had neither water nor electricity ...

Belgrade Politika was harshly criticizing this latest, albeit not the largest bad investment: 'it is not even known what you want to produce here to look like'." (HPR berichtet 19.3.1980 HU OSA 300-10-2:500 Yugoslavia: Hans Peter Rullman 1980 [1 of 4])

Finally, Ost-Dienst portrayed the Yugoslav state as repressive towards science and concealing issues of marine pollution:

"If the world-famous marine researcher Cousteau were a Yugoslav citizen, he might be behind bars: in 1977 he was elected chairman of an international commission for the protection of the Mediterranean by the representatives of 15 countries bordering the Mediterranean. ... The Mediterranean has 'already lost 45% of its vitality because you throw in what you want: a real heap of rubbish'.

Cousteau was particularly concerned about the Adriatic, where the water turns twenty times more slowly than the rest of the Mediterranean. Because a Yugoslav freighter, the Cavtat, had sunk in the confluence with the Adriatic Sea, the sea road from Otranto with 325 408 kg of highly toxic lead tetraethyls. Cousteau pointed out that the poisonous cargo had to be lifted immediately, otherwise not only the millions of bathers but also all neighbors, would be in fatal danger. The international press took up the case and stood up to the strong resistance of Yugoslavia. For the Yugoslav press, it was just "the diabolical warning from the tourist competition.

Croatia's party newspaper Vjesnik from Zagreb, which is particularly interested in the billion-dollar business on the Adriatic, asked whether "we need to give so much publicity in our media to negative events affecting the tourist army on our coast. Because every such case becomes a weapon in the hands of competing tourist propaganda" (Ost-Dienst 25.7.1979 Jugoslawien Sonderdienst (HU OSA 300-10-2:500 Yugoslavia: Hans Peter Rullmann 1979 (1 of 2))

## Integration of Yugoslavia to the European Electricity Grid

In 1964 Yugoslavia and Greece joined the UCPTE (Union for Coordinating Production and Transmission of Electricity) forming regional cooperation in Southeast Europe comprising Austria, Greece, Italy, and Yugoslavia (Bielecki and Desta 2004, 101). A transmission line from the Austrian-Czechoslovak border to the Austrian-Italian border with a branch line to Yugoslavia has been operating since 1974 (Saunders 1980, 413).

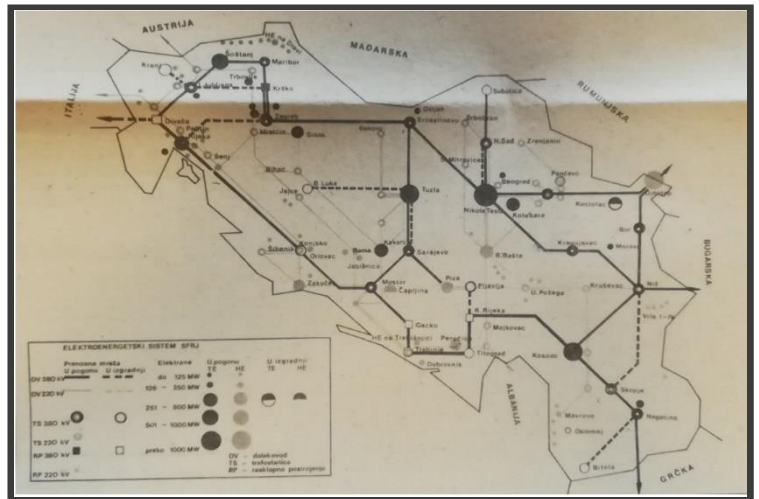


Figure 2 Vjesnik 14.12.1980 Energetski Sistem – Što je to? (HU OSA 300-10-2:142 Energy 1971-80)

The integration of Yugoslavia to the European electricity grid changed credit schemes extended to Yugoslavia by European banks. Legendijk and Schipper (2016) argue that the integration of Yugoslavia with the European electricity grid resulted from the UNECE geopolitical strategy, which aimed to have Yugoslavia as a bridge between East and West, while the US followed the “wedge strategy” to make Yugoslavia independent from the Soviet Union (Eskridge-Kosmach 2009; Visković 2008).

In 1973/74 controversy in the FRG about the KfW loan (“Bonn credit”) which was to be used half as a commodity aid loan and another half for new electricity transmission grid in cooperation with the World Bank. Yugoslavia was granted the credits at the same low-interest rate extended to developing countries. The CDU/CSU opposition party complained that none of the usual control mechanisms had been installed as of how the money would be spent, while the German federal government legitimated the credit by saying that the execution of the project loan would be under the supervision of the World Bank, who was a co-investor and the commodity aid loans could not be controlled anyhow<sup>12</sup>. RFE’s Bonn correspondent reports the credit agreement was reached with Yugoslavia as a substitute for paying indemnities to victims of Nazi Germany<sup>13</sup>.

The “Bonn credit” came in a moment when the attempt to construct an electric energy system that would connect “all the power station to the consumer centers and all the areas of Yugoslavia will be connected in a unique system with reliable and coordinated operating” was endangered as equipment suppliers from Italy, Spain and America asked that the agreements concluded for 22 million dollars be increased by another 10 million dollars<sup>14</sup>. The “Bonn credit” was to be used to increase economic cooperation between Yugoslavia and West Germany<sup>15</sup>. This preference was immediately translated into an agreement between the Association of Yugoslav Electricity Industry (Elektroprivreda) and the Business Association for Machinery and Electrical Engineering of the FRG granting a reduced duty rate of 5 percent<sup>16</sup>.

The German magazine Ost-Dienst cast a critical light on the environmental consequences of the economic cooperation of socialist Yugoslavia with capitalist West Germany. Ost-Dienst picked up one of the concerns raised by developing countries at the Stockholm Conference, that is, how environmental protection in the developed countries would burden developing countries:

“Yugoslavia, the only state in the world that even wants to include the right to a healthy environment in its new constitution, apologizes with poverty. All plans to force the industry to behave in an environmentally friendly manner, therefore, remained unfulfilled. New plans no longer provide any time limits for the introduction of environmentally-friendly measures. But

the big end is yet to come: in the frame of developmental aid, as it is understood in Bonn, the West-German industry wants to erect a part of its energy sources in Yugoslavia. In order to protect the German environment, it is said in Bonn, the **underdeveloped South-East of Europe shall carry Europe's burden**, and Tito gladly accommodates such plans: during an upcoming visit to Bonn the Yugoslav state and party leader will not only suggest a new state-sponsored West German credit funds in the amount of the savings of guest workers in West German banks but also its usage: the construction of combined heat and power stations that will transform turf-like Yugoslav lignite into thermal energy "to mutual benefit" (Hans-Peter Rullmann berichtet 1.6.1974 Umweltschutz auf dem Balkan [HPR reports 1.6.1974 Environmental Protection in the Balkans], HU OSA 300-10-3:58 Pollution 1971-78)

A definite change in the investment of Western Europe to the Yugoslav energy sector occurred in the mid-1970s. Following the fall of the military junta in Greece and the country's application to EEC membership in June 1975 (Zaccaria 2016), in 1976 the EIB decided to give credit to Yugoslavia within a scheme of "new projects in the Mediterranean", most prominently, a highway and an electricity transmission network<sup>17</sup>. The new borrowing conditions were to "reduce the effects of the geographical isolation of Greece from the European Community"<sup>18</sup>. By integrating Yugoslavia in the "Mediterranean strategy", European Community could extend new credit schemes to Yugoslavia as it was re-labeled from communist or developing country to "Mediterranean" in terms of energy policy. The EEC assumed the role of guarantor for the EIB credit to Yugoslavia<sup>19</sup>.

Import-export-relations soon brought up questions of the integration of the Yugoslav electricity grid and a bit later also the question of the relation of price controls for domestic energy use relates to the energy production for export. In the following, I will discuss how the Yugoslav and Western media discussed the contradictions arising from a socialist country integrating with the West European, capitalist electricity grid in a moment of crisis, that is, the 1983 winter heating crisis.

### 1983 Winter Heating Crisis

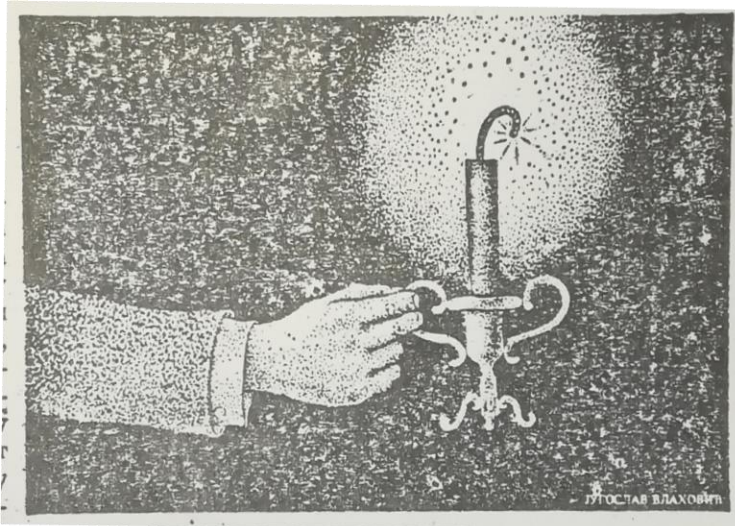


Figure 3 NIN 11.12.1983 Šta nas sme iznenaditi. Pripremljenost za krizne situacije veoma slaba (HU OSA 300-10-2:142 Energy 1981-85)

While the "Mediterranean strategy" opened up new forms of credit to Yugoslavia, the EIB credit did not bring the hoped-for integration of the Yugoslav energy system. Belgrade attempted to use the new credit scheme to invest in an all-Yugoslav energy transmission system<sup>20</sup>. In 1981 Borba had a critical article on **how foreign investment splits key**

**industrial sectors** in Yugoslavia and big infrastructure systems such as electricity, telecommunication, and traffic, making big infrastructure and key producing technologies "regionally parcelled and deeply connected with various multinational companies"<sup>21</sup>.

The disintegration of the Yugoslav electricity system became visible in the early 1980s with increasing problems of debt. First cuts were introduced in 1980 on the delivery of electricity for public, sports, cultural-artistic and entertainment events are a way to cope with a lack of planning<sup>22</sup>. Cuts were highly uneven. In 1982 Serbia was exporting energy from hydropower while Macedonia for two days in the



dark<sup>23</sup>. In 1983 power shortage, Belgrade was heavily affected, while Kosovo exported electricity to Greece, Slovakia imported electricity from Austria and Italy<sup>24</sup>.

### West European Press and RFE – “Darkness from Domestic Production”

The German Süddeutsche Zeitung quoted NIN sardonically commented the expected darkness is from “domestic production”<sup>25</sup>. A German newspaper reports on the inner-Yugoslav debate on their energy sector development politics “short breath”, describing a lack of strategy in combining a socialist policy of low energy prices with investments from capitalist countries.

“A politician diagnosed the energy planning of the past as ‘**a development policy of the short breath**’. The rapidly increasing consumption of energy, additionally promoted by **uneconomically low electricity prices**, was **offset by a confused, indecisive investment policy in the energy sector**.” (Frankfurter Rundschau 19.12.1983 In Jugoslawien bleibt es immer länger dunkel, HU OSA 300-10-2:142 Energy 1981-85)

The disintegration of the Yugoslav electricity system was exacerbated by the interests of foreign investors and debt-servicing was put over the needs of the local population. In 1982 INA got permission to export fuel in spite of domestic fuel shortages<sup>26</sup>. 1983 serious economic crisis, IMF emergency lendings, discussions about price liberalization, and the commodification of electricity. Macroeconomic stabilization policy favored large, key industries, the squeeze on smaller and poorer companies to bail out biggest debtors of the republican banks (like INA and Elektroprivreda in Croatia, who made 84% of the 1.1\$ foreign debt of the Economic Bank of Zagreb), led companies to escape monetary and fiscal policy, weakening the state’s macroeconomic regulatory power (Woodward 1995, 230).

“As early as 1977, Yugoslavia had to reduce its oil purchases to below requirements due to a lack of foreign exchange. Already in mid-August, the Yugoslavs prophesied a gasoline crisis themselves, and a serious heating oil crisis for the winter. This could also affect a new petrochemical plant that is being built with the help of the Americans. If Yugoslavia fails to meet the initial requirements of this combination of 700,000 tonnes of oil, Yugoslavia's economic cooperation with the United States will be jeopardized right from the start.” (HPR berichtet 7.8.1978 Erdölkrise im Lande Titos, HU OSA 300-10-5 Hans-Peter Rullmann 1975-78)

The capacity of the Yugoslav state to devise its own energy politics was restricted by debt servicing pressures, private economies, and individual citizens in possession of foreign currency and access to Western consumer markets escaping squeeze.

The Neue Züricher Zeitung partially explained the collapse of macroeconomic planning authority by saying that the state had engaged in mismanagement and companies had chosen to liberate themselves from this:

“It also became publicly clear ... that the **responsibility for the catastrophic lack of electricity was not primarily to be blamed on the drought of the past summer or the global crisis, but simply on one's own - essentially the local political authorities**. ... **Some of the country's large factories**, Energoinvest in Bosnia-Herzegovina or an aluminum factory in Split (Croatia), **made themselves independent of the mismanagement** by importing their own electricity on a clearing basis. ... the federal government ... gave priority to the repayment of foreign debts and withheld the foreign exchange required for the import of heating oil.” (Neue Züricher Zeitung 9.12.1983 Teures Energiesparen in Jugoslawien, HU OSA 300-10-2:142 Energy 1981-85)

On the other hand, Neue Züricher Zeitung reported on how private companies and citizens used foreign currency to obtain heaters from abroad to evade state policies on austerity and use the failure

of Yugoslav energy politics as a way to mock the socialist politics of the “withering away of the state”:

“private individuals are also equipping themselves with units whose cheaper (Japanese) models cost just under 1000 francs. **Perhaps this self-sufficiency will one day be viewed as wise anticipation of the point in time when, according to Marxist doctrine, the state will have died and consequently can no longer pay for the energy supply. That this small domestic power plant does not produce as profitably as the large one and that the energy sources required for it have to be procured from somewhere is a different story.**” (Neue Züricher Zeitung 6.12.1983 Energiemangel im jugoslawischen Winter. Streiflichter aus der Verdunkelung, HU OSA 300-10-2:142 Energy 1981-85)

The Frankfurter Rundschau uses the energy crisis to question the **sustainability of the socialist policy of decommodified energy prices**. The article suggests that in order to regain effective planning power, the Yugoslav state would have to increase electricity prices “by 200%”, which would not be “politically feasible”:

“In order to secure the funds for a comprehensive new construction of power plants and to bring it into line with Western European standards, a ... price increase of around 200 percent ... would be necessary, calculated a specialist. Since this is **not feasible for political reasons, Yugoslavs will probably have to live with darkness and cold for a few more winters.**” (Frankfurter Rundschau 19.12.1983 In Jugoslawien bleibt es immer länger dunkel, HU OSA 300-10-2:142 Energy 1981-85)

Another article from German “Der Tagesspiegel” assumed that **corruption was the root cause of the winter heating crisis**. It reports on Belgrade student protests against the power cuts, who sought to know “where is the money that we organized with public bonds for the construction of a power station?”. The newspaper reports:

“Debates on Yugoslav television with electricity distributors and planners, who reject any guilt but preach discipline to consumers and turn off the electricity, seem downright cynical. According to the logic of these functionaries, it is private households that have become electrified in recent years that are to blame. ...

It is hard to see why energy planning can be tricked by functionaries out of selfish or ideological motives and why the community then has to pay for their mistakes. **Investigating and pinpointing the culprits would shake the roots of the system. The party does not want to risk that**” (Der Tagesspiegel 11.12.1983 Unbeheizte Wohnungen und kalte Kochplatten. In Jugoslawien wächst der Unmut über die Energiemisere. Frage nach den Verantwortlichen, HU OSA 300-10-2:142 Energy 1981-85)

RFE predicted that the economic crisis would lead to rationing and more repressive measures by the Yugoslav government, and a turn against liberalization:

“The conservation and control measures adopted mark a substantial victory for those who advocate more control, more rationing, more limitation, and more administrative measures to cope with the present crisis, rather than a free-market mechanism. In other words, in the dispute between Yugoslav hard-liners and liberal leaders, the position of the hard-liners has prevailed for the time being.

It is also clear that the so-called Yugoslav model of socialist self-management has not been capable of coping with a serious economic crisis. It was not able to develop sufficiently, and, most important, it could not exert efficient control within the system. It is quite certain that the new economic measures will have far-reaching sociopolitical reverberations. More control, rationing, and limitations must inevitably lead to an **increase in the state’s repressive**

**apparatus.**” (RFE-RL RAD Background Report/221 (Yugoslavia) 20.10.1982 “Yugoslav Government Introduces Drastic Austerity Program” by Zdenko Antic, HU OSA digitalized collection)

## Yugoslav Media and Ost-Dienst – “Rational Use of Energy Rather Than Austerity”

Yugoslav media is interested in how the energy-saving measures can be conducted in a way less detrimental to the industry and less alienating for the population. Moreover, they are interested in the question of the commodification of electric energy as a way to regain planning power, but also a potential risk of exacerbating regional and social inequalities.

NIN explained how the 1983 winter heating crisis had been introduced in a way reminiscent of the 1980 collapse of the electricity system<sup>27</sup>, as a “surprise”. Suddenly, electricity had been turned off. Quoting the president of the Central Committee of the League of Communists of Serbia, Dušan Čkrebić, from a meeting in Serbia on the energy situation, starts with the quote “nothing can surprise us – except rain”. They ask whether such a move had not aggrieved the Yugoslav population more than necessary and demanded longer-term planning and transparency:

“‘the great darkness’ (*veliki mrak*) began completely unexpectedly on the ninth of November at 2 and 32 minutes. According to the first explanation given to the public, this shutdown was carried out in order to ‘prevent a new breakdown of the Yugoslav power system’. Only later, when things calmed down and explaining began, it became known that the cut-off was not so much because of the danger of system collapse. But because at that very moment the knowledge (and probably the agreement) matured, that the accumulations were horribly emptied, that some power plants have to go overhaul – so all the things that were known for days before, if not months.” (NIN 11.12.1983 Šta nas sme iznenaditi. Pripremljenost za krizne situacije veoma slaba, HU OSA 300-10-2:142 Energy 1981-85)

Another article later reported the damages that resulted from the emergency saving measures for industry and discussed how to reunite the Yugoslav electricity market and long-term strategy as opposed to the hasty austerity measures in 1981-83:

“Savings imply lower consumption, so many people seem to be short of shortages, reductions, supply rations, vouchers. Restrictions can achieve the greatest savings. In this way, however, the opposite effects are achieved - often the damage caused by disruptions in the economy or life outweighs the savings. This is one of the reasons why experts prefer to talk about the **rational use of energy rather than saving.**” (Borba 8.5.1984 Početi od Najbližeg Prekidača, HU OSA 300-10-2:142 Energy 1981-85)

Among the measures suggested paying attention to industries that are “energy swallows” (*gutači energije*):

“For a country relatively poor in energy sources, such as Yugoslavia, it is not advisable to build those types of industrial consumers that belong to energy swallows.” (Borba 8.5.1984 Početi od Najbližeg Prekidača, HU OSA 300-10-2:142 Energy 1981-85)

One of the examples is to set off aluminum plants and instead re-use wastes from aluminum, a process that uses much less energy than to produce it from bauxite.

The article suggests price increases instead of attempts to raise consciousness:

“The starting point is that consumers should be thoroughly informed and acquainted with the possibilities of better energy use, and at the same time interest them in this social action. General appeals, recommendations, and calls to consciousness, in the style of “save energy”, “turn off the light bulb”, “think in the dark”, are not the way to real savings. **Gasoline prices,**

**for example, have reduced consumption much more efficiently than vouchers.** Consumers should be interested, whether in industry, economy or individual household, by reducing their own expenditures through rational energy consumption.” (Borba 8.5.1984 Poceti od najblizeg prekidaca, HU OSA 300-10-2:142 Energy 1981-85)

For that purpose, the article also suggests de-collectivizing energy consumption – the market, not the state will regulate consumption.

“It is recommended, therefore, that **consumers be well informed in advance about the state of energy consumption** and the possibilities of energy production and procurement. ... If this is done as a lump sum or in groups, as is most often the case when heating from heating plants, for example, it is difficult to expect a change in behavior. The strategy of long-term development of energy recommends the **prohibition of lump sum and group calculation of consumed energy.**” (Borba 8.5.1984 Poceti od najblizeg prekidaca, HU OSA 300-10-2:142 Energy 1981-85)

On the other hand, at the Action Conference of the League of Communists in the Area of Energy, Dragoslav Markovic in his introductory speech argues for the **decommodification of electric energy**, that it is an economic sector of special societal interest with very low accumulative capacity, but large investment needs. For that reason, he is especially against export, which the republics Kosovo and Serbia had engaged in

“Energy industry in our country, for quite clear reasons, should not be an exporter of its products, although these are products that can be profitably placed on the world market.” (Politika 12.4.1985 Neophodna Ofanzivnija Politika Razvoja, HU OSA 300-10-2:142 Energy 1981-85)

Another article makes a similar argument about the low accumulative power of the electricity industry, which cannot return initial high investments through the export of electricity:

“One of the important causes why the electricity industry generates losses is the nuclear power plant “Krsko”. ... Due to the high construction costs and high interest on short-term loans taken out, this year’s price of kWh from Krsko is as high as 7.42 dinars. In this price, the cost of fuel is 1.48 dinars and the interest rate is as much as 3.21 dinars. The causes of losses in the electricity industry are ... excessive participation of credit funds in the financing of the extended reproduction in which foreign loans have a special weight ... which cannot be returned by way of export of electricity” (Večernji List 5.7.1984 Struja Trese Džep, HU OSA 300-10-2:142 Energy 1981-85)

In 1985 Roksandic from Elektroprivreda Croatia suggested introducing a price mechanism that would allow for the construction of energy generating plants in energy-rich republics:

“He illustrated his position with the example of the overflow of income from one to the other Elektroprivreda realized in facilities which were constructed from joint funds. The overflow of income would be realized through a price mechanism. [Electricity] will be calculated at a higher price from the official one for republics that do not have enough energy sources themselves so that a part of the income always remains in the areas where the plants are located. Therefore, equal rights must be ensured in the exploitation of jointly built facilities, not just the right to purchase energy. Equal rights must be established to care for the expanded reproduction of these facilities.” (Politika 12.4.1985 Neophodna Ofanzivnija Politika Razvoja, HU OSA 300-10-2:142 Energy 1981-85)

Thermal power plants in Kosovo exported to other Yugoslav republics like Slovenia, which complained that the prices for electric energy are too high given that those plants in Kosovo were constructed with joint funds from all the Yugoslav republics<sup>28</sup>.

The Ost-Dienst commented on how Yugoslav politics of resource use had reproduced the exploitation and economic repression of poor, and resource-rich Kosovo. In an article under the title “National Mess” (Nationaler Scherbenhaufen), Ost-Dienst comments on this as developmental disparities of the “artificial state of Yugoslavia” that have only been “exacerbated under Tito”:

“everyone who enters Yugoslavia from the West does not see Kosovo, he thinks about welfare as Slovakia has a majority of the country’s GDP ... While the more developed republics and peoples complain that development aid for the underdeveloped regions is preventing even faster progress, the developing regions complain about their role as cheap suppliers of raw materials for the industrialized parts of the country. ... under Tito this old problem of the artificial state of Yugoslavia was even exacerbated” (HPR berichtet 31.7.1987 Nationaler Scherbenhaufen (HU OSA 300-10-5:10 Hans-Peter Rullmann 1975-78)

## Conclusions

Based on my research stay at OSA Archivum I was able to gain preliminary insights into how some of the contradictions of Yugoslav world market integration in the area of environmental protection and energy politics were represented divergently in Western and Yugoslav print media. The two case studies I selected for my research report need further contextualization.

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## Endnotes

- <sup>1</sup> "the problem is universal. It reflects the interdependence of all countries and calls for universal action in the taking of adequate measures. Regardless of the specific problems arising in certain regions, and even in certain countries, what is at stake here is the common destiny of all mankind. However, finding themselves in the initial stage of their economic and social development, when they should extricate themselves, primarily, from the state of age-long backwardness, in which the developing countries have found themselves through no fault of their own, these countries have been exerting enormous efforts in order to make up for what they have failed to achieve in the past. It is obligation of the international community and of the industrially developed countries, in particular, to assist them unselfishly in this process through economic and financial assistance, current scientific achievements, transfer of technology, as well as to endeavour not to aggravate, by their measures for the protection of the human environment, the already unfavourable position of the developing countries." (Speech by the Head of the Yugoslav Delegation, Trpe Jakovlevski, in the general debate (June 7, 1972) in (Sekulić 1972, 126)
- <sup>2</sup> The first RFE policy manual of 1951 judged Tito's neutral position as diplomatically useful and thus decided against establishing broadcasting service in Yugoslavia (Puddington 2000, 44). However, as a body of U.S. intelligence, the RFE closely monitored disagreements in the Yugoslav leadership on the role of the U.S. in military conflicts in the Middle East in 1967 (Rubinstein 1970, 254)
- <sup>3</sup> In 1971 RFE sent out a briefing to its local reporters asking them to report on the state of the environment for East Europe News that planned a comprehensive article on "East European pollution problems". In the briefing, RFE staff was asked to collect information on type of pollution, chief causes and actors involved in environmental protection and then also whether "the existence of any pollution problem been admitted or foreseen?" and whether there "[h]as there been any evidence or qualified speculation that the problem is not sufficiently appreciated or that inadequate steps are being taken?" (RFE Communication 15.1.1971 Subject: Pollution Problem in Yugoslavia – Info for EEN, HU OSA 300-10-2:334 **Pollution 1971-75**)
- <sup>4</sup> RFE Research 16.1.1973 Pollution Problem in Yugoslavia (HU OSA 300-10-3:58 **Pollution 1971-78**)
- <sup>5</sup> Večernji List 18.6.1974 Tri Obruća Protiv Zagađivanja (HU OSA 300-10-2:334 **Pollution 1971-75**)
- <sup>6</sup> Vjesnik 5.5.1979 Bakarski je Zaljev Već Uništen, a Zagađivaci se Prepucavaju (HU OSA 300-10-2:334 **Pollution 1978-79**)
- <sup>7</sup> Wissenschaftlicher Dienst Südosteuropa Sept 1974 Jugoslawiens Bodenschätze-Produktionsentwicklung und Zukunftsperspektiven (HU OSA 300-10-2:355 **Raw Materials 1974**)
- <sup>8</sup> 23.4.1979 Ulaganje u Nepoznato (HU OSA 300-10-2:334 **Pollution 1978-79**)
- <sup>9</sup> 23.4.1979 Ulaganje u Nepoznato (HU OSA 300-10-2:334 **Pollution 1978-79**)
- <sup>10</sup> 23.4.1979 Ulaganje u Nepoznato (HU OSA 300-10-2:334 **Pollution 1978-79**)
- <sup>11</sup> 21.4.1979 'Prjavko' na Jadranu (HU OSA 300-10-2:334 **Pollution 1978-79**)
- <sup>12</sup> FAZ 9.1.1975 CDU Voices Misgivings Over Belgrade Credit (HU OSA 300-10-2:161 **Foreign Credits 1972-75**)
- <sup>13</sup> Handelsblatt 30.11.1973 Confusion About East Credits (HU OSA 300-10-2:161 **Foreign Credits 1972-75**), RFE Special 6.12.1974 Intro Bonn Credit (HU OSA 300-10-2:161 **Foreign Credits 1972-75**), RFE Special 6.12.1974 Bonn-Belgrade Credit Agreement to be Signed Next Week (HU OSA 300-10-2:161 **Foreign Credits 1972-75**)

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- <sup>14</sup> Gucic 21.12.1974 Construction of 380kv Transmission Line Uncertain (HU OSA 300-10-2:140 **Electricity: Electric Power 1974-75**)
- <sup>15</sup> “A foreign office spokesman says the agreement contains an article in which West Germany expresses the hope that when Yugoslavia decides to award contracts on the basis of the accord companies in West Berlin will be given preference” (RFE Special 6.12.1974 Intro Bonn Credit, HU OSA 300-10-2:161 **Foreign Credits 1972-75**)
- <sup>16</sup> Außenhandelsdienst 1.7.1975 “Zollermäßigung bei Materialien für Stromerzeugnisanlagen” (HU OSA 300-10-2:55 **OECD 1966-81**)
- <sup>17</sup> Tanjug 19.3.1976 Koliki kredit EZ Jugoslaviji (HU OSA 300-10-2:161 **Foreign Credits 1976-77**)
- <sup>18</sup> Financial Times 9.11.1976 Yugoslavia to Borrow 28 Million (HU OSA 300-10-2:161 **Foreign Credits 1975-79**)
- <sup>19</sup> Tanjug 1.2.1977 Jugoslaviji 60 Milijuna Dolara (HU OSA 300-10-2:161 **Foreign Credits 1976-77**)
- <sup>20</sup> “The EIB wanted to finance only that part of the network which directly links our country with Greece and Italy. Our position was based on a comprehensive financing, considering that the construction of the entire transmission ring is a condition for linking Yugoslavia with the West European power system.” (Belgrade Domestic Service 1.4.1977 EEC Bank Grants SFRY \$600 Million Construction Loan (HU OSA 300-10-2:161 **Foreign Credits 1976-77**)
- <sup>21</sup> Borba 1.8.1981 Balanseri Lažnog Razvoja (HU OSA 300-10-2:433 **Technology and Science 1973-76, 1981**)
- <sup>22</sup> RFE Monitoring Report 24.8.1980 Yugoslav Energy Saving Measures (HU OSA 300-10-2:142 **Energy 1971-80**)
- <sup>23</sup> B-Wire 9.9.1983 Energy Shortages Yugoslavs Facing Severe Winter (HU OSA 300-10-2:142 **Energy 1981-85**)
- <sup>24</sup> RFE BR 28.11.1983 Critical Power Shortage in Yugoslavia (HU OSA 300-10-2:142 **Energy 1981-85**)
- <sup>25</sup> Süddeutsche Zeitung 8.10.1982 Jeder Sonnentag hilft Strom sparen – Heizen mit Elektroöfen führt in Jugoslawien zu Engpässen in der Energieversorgung (HU OSA 300-10-2:142 **Energy 1981-85**)
- <sup>26</sup> B-Wire 9.9.1983 Energy Shortages Yugoslavs Facing Severe Winter (HU OSA 300-10-2:142 **Energy 1981-85**)
- <sup>27</sup> Vjesnik 14.12.1980 Energetski Sistem – Što je to? (HU OSA 300-10-2:142 **Energy 1971-80**)
- <sup>28</sup> RFE BR 3.6.1980 Albania and Yugoslavia Expand Electric Energy Cooperation. OSA Archivum, digital collection.