Chapter 3. Regional industrialization of Yugoslavia in the long-run

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How did industry spread at the South-Eastern periphery of Europe? The consensus view is that the de-industrialization phase in place since the 1990s, was preceded by rapid industrialization from 1945, and a lack of considerable development before that (Gerschenkron, 1962; Lampe and Jackson 1982; Teichova, 1985; Kopsidis and Ivanov, 2017). This consensus is, however, based on a country level approach which ignores potentially large within-country differences. For example, recent evidence shows that industry was highly unevenly distributed in interwar Yugoslavia, with the North-West of the country being the most industrially advanced (Nikolić, 2017). In this chapter we study regional industrialization of Yugoslavia in the long-run, in order to shed light on how industry spread across time and space at the European periphery.

We explore industrialization of Yugoslav regions from the time of proto-industry until the present. To enable comparability over time, the analysis is carried out on regions roughly comparable to present day Yugoslav successor states. The location of industry is measured using data on manufacturing employment. Novel measures of employment shares in the manufacturing sector on a regional basis are calculated using a new data set we compiled from periodic census returns. The long-term patterns of regional industrialization are explained in the light of historical economic geography (Rosés, 2003; Crafts and Mulatu 2005, 2006; Wolf, 2007; Klein and Crafts, 2012; Martinez-Galarraga, 2012). Theoretical predictions of New Economic Geography are weighted against comparative advantage and path dependence theories. The role of energy, labour, capital, technology, and markets in driving the location of industry is discussed.

Bibliography