

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

Leonard Kukić, London School of Economics (LeonardKukic@gmail.com)

Stefan Nikolić, University of Groningen (S.Nikolic@rug.nl)

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 (Roses, 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

- Crafts, N. and Mulatu, A., 2005. What explains the location of industry in Britain, 1871–1931?. *Journal of Economic Geography*, 5(4), pp.499-518.
- Crafts, N. and Mulatu, A., 2006. How did the location of industry respond to falling transport costs in Britain before World War I?. *The Journal of Economic History*, 66(3), pp.575-607.
- Gerschenkron, A., 1962. *Economic backwardness in historical perspective: a book of essays* (No. 330.947 G381). Cambridge, MA: Belknap Press of Harvard University Press.
- Kopsidis, M. and Ivanov, M., 2017. Industrialization and De-Industrialization in Southeast Europe, 1870-2010. In: O'Rourke, K.H. and Williamson, J.G. (Eds.), *The Spread of Modern Industry to the Periphery Since 1871*. Oxford University Press.
- Klein, A. and Crafts, N., 2012. Making sense of the manufacturing belt: determinants of US industrial location, 1880–1920. *Journal of Economic Geography*, 12(4), pp.775-807.
- Lampe, J.R. and Jackson, M.R., 1982. *Balkan economic history, 1550-1950: from imperial borderlands to developing nations* (Vol. 10). Indiana University Press.
- Martinez-Galarraga, J., 2012. The determinants of industrial location in Spain, 1856–1929. *Explorations in Economic History*, 49(2), pp.255-275.
- Nikolić, S., 2017. Determinants of industrial location: Kingdom of Yugoslavia in the interwar period. *European Review of Economic History*, pp.1-33.
- Rosés, J.R., 2003. Why isn't the whole of Spain industrialized? New economic geography and early industrialization, 1797–1910. *The Journal of Economic History*, 63(4), pp.995-1022.
- Teichova, A., 1985. Industry. In: Kaser, M., Radice, E. (Eds.), *The Economic History of Eastern Europe, 1919-1975: Economic Structure and Performance between the Two Wars*. Vol. 1. USA: Oxford University Press, 222-322.
- Wolf, N., 2007. Endowments vs. market potential: What explains the relocation of industry after the Polish reunification in 1918?. *Explorations in Economic history*, 44(1), pp.22-42.