

BORIŠA MRAOVIĆ

**MONEY FROM THE PEOPLE,
FOR THE PEOPLE**

BORIŠA MRAOVIĆ

Money from the People, for the People

Belgrade, 2024

Book Series SQUARE

Edited by:

Luka Glušac

Title:

Money from the People, for the People

Author:

Boriša Mraović

Publishers:

Institute for Philosophy and Social Theory, University of Belgrade
Regional Center for Advanced Studies of Humanities – RECAS
Regional Network of the Centers for Advanced Studies of Southeast Europe

Proofreader:

Michal Sládeček

Cover design:

Nikola Stevanović

Typesetting:

Sonja Nikolić, Tijana Baltić

Place and year of publication:

Belgrade, 2024

ISBN:

978-86-82324-76-8

Replicate:

Institute for Philosophy and Social Theory,
University of Belgrade

Production run:

50 copies



This publication was created within the Regional Fellowship Program, implemented by the Institute for Philosophy and Social Theory, University of Belgrade, in partnership with the Regional Center for Advanced Studies of Humanities – RECAS and the Regional Network of the Centers for Advanced Studies of Southeast Europe, with the support of the Open Society Foundation Western Balkans, Erste Foundation, and Rockefeller Brothers Fund. The views expressed in the text represent the views of the authors.

Money from the People, for the People

Your city needs a new school, a new intensive care unit, maybe a new theater or a library, or maybe a new sewerage system? Your old school needs repairs, your existing intensive care unit needs new equipment or additional space, your theater or your sewerage system needs complete refurbishment? Or maybe, more ambitiously, you are thinking about how to pursue a radical decarbonization of your neighborhood and invest in solar panels and heat pumps, or you have to rebuild it after a flood destroyed hundreds of houses or buildings or to build new structures to make it more protected in the case of possible future crisis events? What about helping a city in your country in serious distress after some kind of man-made or natural disaster to recover or rebuild critical infrastructure?

Whether you are thinking of it or talking about it as a

citizen, a politician, an activist, or a policy designer, sooner or later, and usually sooner, one question will be raised either by yourself or by somebody else: How do you plan to finance it? Where will you find the money to do it?

This immediately throws us into financial dimension of any public policy. Wherever one looks this question seems to be there, if not in the forefront than in the background poised to appear and destroy the dreams of the policy dreamer. We all know the usual contemporary answers: You can use the funds you have at your disposal (such as state or local budgets and special funds), reshuffle them from one point to another or you can borrow money from somebody else (from a bank or a fund for example) and then pay back the money in the future with interest. But certainly, there are more options, and it would be very useful if citizens, politicians and policy designers would expand their purview and include other possible approaches in their repertoires of thinking and acting. Indeed, for some of them one does not have to look very far in space or time and one of them is found in the still recent history of socialist Yugoslavia.

Self-contributions

Meet self-contributions. (Serbian/Croatian/Bosnian/Montenegrin: *samodoprinos*; Macedonian: *самопридонес*, Slovenian: *samoprispevek*). They were instituted as a special type of local contribution immediately after WWII in 1946 as part of the Law on taxes and contributions.¹ What were they exactly? One of the main architects of the early

¹ There are very few sources which deal with self-contributions in any sort of sustained manner and they remain a topic from Yugoslav history that still has to be looked at comprehensively and in much more detail.

Yugoslav institutional system, Boris Kidrič described them as a “type of self-taxation of our local councils, which will be able, based on the decision of the voter’s assemblies, to introduce contributions for certain tasks of improvement and the raising of standards of living and cultural life for people of that particular place” (Kidrič 1948: 120). Surprisingly, despite the fact that the primary inspiration for the institutional set-up of the post-WWII Yugoslavia was indeed the Soviet Union, they were not just a seamless copy of an institution already existing over there. Instead, they seem to be an original contribution of Yugoslav revolutionaries.

In a later definition, self-contributions are described as “a type of contribution for common needs, *introduced by a decision* of inhabitants from the territory of a social-political community (usually a local community [MZ] or municipality)” (Dokić et al. 1977: 254). They are a “form of joining funds for solving common needs of workers, working people and citizens” (ibid.). In the same manner as for example pension or health security funds, funds collected via self-contribution „are *strictly dedicated* which means that they cannot be used for other purposes except the ones for which they were introduced” (ibid.). Normative definitions differed across republics. In Slovenia for example one of the additional purposes stipulated in the Law on self-contributions was the “improvement of social standard, infrastructure as well as *reducing differences in the level of development* of particular regions”.² The idea behind it was that self-contributions could be introduced in one part of the country and then used for development transfers to another less developed parts. As far as one discern, however, they were never used in such a manner,

² This is the formulation in the Slovenian Law on self-contributions.

despite the promulgated purpose. Exceptions were special contributions collected at the Federal level which were introduced after devastating earthquakes in Skopje in 1963 and in Banja Luka and the surrounding area in 1969, but these had a special standing and were introduced without the process typical for self-contributions.

What made self-contributions exceptional when compared to other contributions and taxes in general was the democratic process by which they were introduced i.e. the decision that Kidrič was talking about. While taxes and contributions come almost exclusively in the top-down form, which means that once there is a law or by-law you are obliged to pay them, the basis for introducing self-contributions *was a decision made in a referendum or in a citizen assembly*. Once adopted they became obligatory for all people living in a given territory and were determined usually *as a percentage of monthly income* or the income of the cadaster. Still, self-contributions were paid for a limited period of time set in advance as part of the decision by which they were adopted. It is significant to note that the process of defining development priorities was identical to the process of devising financing modalities and in practice involved combining self-contribution funds with other sources such as credit and federal and republic transfers. When compared to contemporary practices one easily sees the difference since these two questions are approached and dealt with separately.

In practice, particularly during the first decade after WWII they were used rarely. This changed during the 60's after laws on referenda specified how exactly they were to be implemented. Up until that time, they were used mostly in Macedonia where a dozen referenda were implemented for the purpose of introducing self-contributions for financing the electrification of villages, construction of schools, railways, communal buildings in cities, or

protection against floods and land erosion (see Đorđević 1967). Since the 60's they became ubiquitous and increasingly used almost constantly across the country and remained a part of the fiscal toolkit all the way to the nineties when the county was torn apart and became the Ex. Many citizens belonging to older generations will remember what they were, some fondly and others with mixed feelings.

From a macro perspective over the next two decades, their relative importance steadily rose.³ Relative to the tax income of the Yugoslav Federation in the early 70's their share was around 2 percent. In 1980 it rose to 4.78 percent and then to 5.89 percent in 1985. When looking at the level of republics and autonomous regions one sees that in some parts of the state, they were more important than in others. For example, in Bosnia and Hercegovina during the 80's their relative share was steadily over 10 percent, rising all the way up to 15 percent in 1987. One finds similar shares for Vojvodina where for the better part of the 80's they contributed around 10 percent or more. Even in Croatia and Slovenia, the two most developed republics, they played a significant part in total public income often reaching more than 6 percent during the 80's.

Throughout the whole period, they were an important part of local finances and many cities, towns, and villages used them to develop and improve crucial infrastructure. As some commentators noticed, one can hardly find a single city that did not build something important with

³ Data in this paragraph is based on the data from the Archive of the National Bank of Serbia. [Arhiv Narodne banke, Beograd; Fond 4, Služba društvenog knjigovodstva /Služba za platni promet/ Zavod za obračun i plaćanja (1962-2002)]. Here, I would like to thank the Archive of the National Bank of Serbia for enabling my research and especially Saša Ilić from the Archive for helping me locate the sources and orient my search.

funds collected via self-contribution. In the 60's they were used to build and repair schools, build roads, or cultural centers. In the 70's and 80's self-contribution programs became more elaborate and were among crucial sources for financing all kinds of development and improvement projects at the local level. From 1987 to 1990 Ljubljana for example implemented a program called by the local press an *ecological self-contribution* which was used for gasification of the heating system, construction of sewerage collectors, and the protection of water aquifers improving thus significantly the system of environmental protection. Recreational and sport center Treska near Skopje was built with funds from self-contribution. Belgrade similarly used them to reconstruct and develop its water supply system in the 80's. Self-contributions in Sarajevo were used to build an array of public objects and infrastructure. Apart from primary and secondary schools, funds were used to build an emergency care unit, the clinic for traumatology, public pool, waste water collector, maternity hospital, and also to reconstruct a national theater as well as to finance the Olympic Games infrastructure.

Their design was particularly interesting and can easily serve as an inspiration for contemporary public policy design. First of all, the program was not simply set in a top-down manner. Instead, it was developed through a participatory process which enabled substantial inputs from the ground so that projects financed actually respond to the real and urgent needs of the people. In terms of the exact set-up – rates, duration, etc. – one finds a variety of designs. In terms of duration, one finds a number of different examples. Sometimes they would run for six months, sometimes for 2 or 3 years. Other times the cycle would last for 5 years. Rates themselves varied widely from 1 percent all the way to 7 percent of monthly income in

some instances. In many cases they involved progressive rates, that is, those with monthly income over a certain amount would for example contribute 1.5 percent of their monthly income, those earning less, 1 percent, while those earning even less and receiving for example child support payments would be absolved altogether from contributing. In some cases, the rate would change over the cycle – this was the case for example in Sarajevo where during the 1977–1981 self-contribution cycle the rate was 2 percent during the first year and then 2.5 percent over the next four years. In effect it was up to local authorities and people to decide how much one would be obliged to contribute and for how long.

Self-contributions also had their downfalls. One major issue during Yugoslavia was the effect of ever-present inflation which caused real project costs to fluctuate so the project would be delayed or had to be cancelled completely. Because of this some of the ambitious projects were in effect never finished. Also, it seems that funds would sometimes be used for purposes other than those originally defined.

Self-contributions for the Present and the Future

What is maybe surprising, the majority of countries emerging from the break-up of Yugoslavia did not throw the self-contributions out of their institutional setups once they embarked on the “transition projects” but have instead copied them and kept them as a possible policy tool in their post-Yugoslav incarnations. At the same time, it seems that they simply forgot about them since they were almost never used, certainly never at the level of a city. One may wonder why, since, when looking at self-contributions from today’s perspective, one finds all of the elements that make them extremely relevant for the present context of thinking on how politics should be run: participatory mechanisms,

flexible blueprints, popular involvement in design, implementation and supervision, and a particularly strong democratic legitimacy acquired through direct democratic decision which most contemporary public policies are missing, in particularly those related to investment in infrastructure, in welfare state institutions or in other public services.

This is not to say that the contemporary setting would not pose challenges to the implementation of self-contributions. First of all, any sort of additional tax-like burdens at the moment very unpopular among the general populace, especially after several decades of neoliberal propaganda. Consequently, what almost everyone reflexively imagines, and what many actively promote, especially powerful economic actors, is removing or reducing existing ones rather than introducing or raising new ones. Also, electoral cycles are poised to present significant obstacles because changes in governments and parliaments would likely also put in question self-contribution programs pushed through by previous majorities. Endemic lack of trust in state institutions and a broad experience of political abuse of public funds is another social feature likely to pose a problem for contemporary self-contribution practices particularly in terms of their democratic legitimacy. These are surely potential challenges which would have to be considered when designing contemporary policies. Some immediate remedies could consist of a carefully crafted and truly participatory process of adoptions but also of implementation organized with maximum transparency with independent supervision staffed by officials but also by citizens elected for example by sortition.

If these limitations were seriously accounted for and resolved in the policy design, self-contributions could be used effectively for a whole set of useful social objectives.

Self-contributions imply a direct relationship of “ownership” in the sense that each and every citizen can legitimately claim that whatever the project is this person also directly contributed to its development. If the project is a cultural center, a theater, or a hospital one can bring his or her kid and say, without exaggerating too much, “look at what I helped build”. In this way, one can help build a more responsible political culture and help restore trust and popular support which is crucial for the success of almost all public policies, particularly in democracies. Its participatory dimension by which citizens can actually engage in policy design as well as implementation is rarely the case in most other instances and is also likely to strengthen trust and induce more public commitment. Also, they can be used to pursue reduction in regional inequalities by inducing transfers from more to less developed regions which is one of the most neglected political and social issues and by which policymakers can help build broader political support for this policy.

As for the possible designs, there are no inherent limitations on what one can do. As we saw, duration, rates, rate changes, scale, targeting, and purpose, all can vary immensely. Temporary arrangements with preset timelines are sure to have broader support than comparable policies that go indefinitely. Since funds are strictly dedicated so that they cannot be used for any other purpose than the one agreed upon, evaluations are more straightforward and adjustments can be made more easily. Moreover, statistical detail and real-time data management that we have at our disposal today can be used to build multilayered and complex arrangements sensitive to inequalities and to different capacities of the population while at the same time enabling high levels of transparency, again contributing to political and democratic legitimacy.

In this sense self-contributions can be understood as



both deepening and widening democratic processes and, given the present state of affairs and the democratic backsliding now apparent throughout the world, can be used to counter this trend and renew our democratic institutions, citizen-state relationships and thus also improve our political culture at large.

Go now, design your own, start your own.

References

Dokić, Mirko *et al.* (1977), *Mali ekonomski leksikon*, Beograd: Udruženje publicista.

Đorđević, Dragan (1967), "Koncepti o opštinskom referendumu", u *Zbornik radova*, 2, Novi Sad: Pravni fakultet, str. 325–350.

Kidrič, Boris (1948), *Privredni problemi FNRJ*, Beograd: Kultura.

CIP - Каталогизacija у публикацији
Народна библиотека Србије, Београд

338(0.034.2)
330.3(0.034.2)

MRAOVIĆ, Boriša, 1981-

Money from the people, for the people [Elektronski izvor] / Boriša Mraović. -Belgrade : University, Institute for Philosophy and Social Theory ; Rijeka : Regional center for advanced studies of humanities, RECAS, 2024 (Belgrade: University Institute for Philosophy and Social Theory). - 1 elektronski optički disk (CD-ROM) : tekst ; 12 cm. -(Series Square)

Sistemske zahtevi : Nisu navedeni. - Tiraž 50. - Napomene i bibliografske reference uz tekst. - Bibliografija.

ISBN 978-86-82324-76-8 (IPST)

COBISS.SR-ID 150069769

