Introduction

Rijeka as a socialist port: Insights from Jugolinija's early years, 1947-1960

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Abstract

To understand the distinctiveness of ports under state socialism, it is necessary to shift the focus from the built environment to flows of people, goods, knowledge and capital. In so doing, this article examines the operation of Yugoslavia's main shipping line, Jugolinija, from its inception in 1947 until 1960. This enterprise was based in the port of Rijeka, with both firm and port experiencing rapid growth during this period. The impact of state socialism can be seen in the primacy of the political over the profitability of the firm, with Jugolinija used to advance Yugoslavia's foreign trade and foreign policy, its interests being subordinated to the project of building self-managed socialism. It can also be seen in the unique challenges posed by having to operate at the intersection of the global market and a highly regulated economy – a situation that also created opportunities for the firm as a whole, as well as for its employees, who had access to foreign currency, travel and knowledge of the world. Jugolinija's privileged access to the world in what was still very much a closed society also created opportunities for 'leaks' of personnel and goods. Finally, socialist ideology left its imprint on Jugolinija's operations and shaped the ways in which its employees understood their work and the place of the firm within the Yugoslav economy. While it is tempting to see state socialism as 'getting in the way' of Jugolinija's business, in actuality the firm was remarkably successful both at operating within the Yugoslav socialist state framework, and capitalizing on the opportunities provided by access to the global market. Jugolinija's employees, in turn, profited from the mobility that came with working for the firm, sometimes at the expense of the enterprise and the state.

Keywords
desertion, merchant marine, Rijeka, smuggling, state socialism, Yugoslavia

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One of the key questions asked by this Forum is: what was socialist about socialist port cities? The scholarship on socialist cities has, so far, been dominated by a focus on the built environment – put another way, how did state socialism produce distinctive looking cities? In the case of port cities, this approach does not get us very far – arguably, a port is a port, no matter what social, political and economic system it operated within. The case of Rijeka, socialist Yugoslavia's most important port, suggests that the answers to our question are more fruitfully sought by interrogating flows – of capital, and of ships, people and goods – rather than scrutinizing the built environment.

More specifically, merchant marine policy and the operations of the Jugolinija shipping line – Yugoslavia's most important global shipping line, headquartered in Rijeka – indicate that state socialism did indeed affect the port's life. Socialist ideology – by which I mean the values and beliefs that were central to state socialism – had a certain impact on business and the lives of maritime workers, particularly in framing the meaning of work, and in involving workers in company decisions. However, other factors were equally significant. The first is the primacy of state and national interests, not only in Rijeka's development as a port, but also Jugolinija's operational decisions. That is to say, Jugolinija's primary raison d'être was not to turn a profit, but to help to develop Yugoslavia's exports, to increase its access to foreign currency, and more broadly, to 'serve the people of Yugoslavia'. The second factor was the embeddedness of Jugolinija, initially, in a socialist planned economy, and later, in a mixed economy with significant regulation of foreign trade. Jugolinija thus operated at the intersection of two systems, acting as a mediator and conduit between a socialist state and the global economy.

By shaping maritime activities in the port of Rijeka, these three aspects of state socialism gave the city a privileged position in socialist Yugoslavia. While at times policies guided by the logic of Yugoslav state socialism worked to the disadvantage of both city and shipping line, overall, Jugolinija and its employees prospered, and Rijeka rose to become a key transportation node for Yugoslavia, moving goods in and out of Central Europe and connecting Yugoslavia to the world. To demonstrate this, this article draws on the archives of the Jugolinija shipping line at the Croatian State Archive in Rijeka, as well as the archives of Maritime Ministry in Belgrade.

Rijeka and Jugolinija in historical context

Predating its incorporation into Yugoslavia, Rijeka – or Fiume, in Italian – had an illustrious past as Hungary's main port during the Habsburg Empire. It had been given a special status by Empress Maria Theresia in 1779 as a ‘corpus separatum’, or separate body governed directly by the Hungarian crown. Hungary invested heavily in the expansion of the port in the nineteenth century, including land reclamation, the building of a breakwater and the construction of two important railway lines – one leading to Saint Peter na Krasu (whose name was changed to Pivka in 1952), connecting Rijeka to Ljubljana and onwards to Austria, and the other, connecting Rijeka to Zagreb, which linked the city to Budapest and the rest of the Danubian basin. 

1. Petar Senjanović, 'Riječka luka u saobraćajnom sistemu Jugoslavije', in Jakša Ravlić, ed., Rijeka: Geografija – etnologija – ekonomija – saobraćaj – povijest – kultura: Zbornik (Zagreb, 1953), 134.
time, including the rice processing plant, the Stabilimento Tecnico torpedo plant, shipyards and the oil refinery. These industries testify to the dynamism of Rijeka’s economy and its importance to the Hungarian half of the Austro-Hungarian Empire. The rice processing plant reportedly furnished one-third of the Austro-Hungarian Empire’s needs, the torpedo factory was at the forefront of technological innovation, and the oil refinery was one of the most modern in Europe in its time.2

Following the First World War, Rijeka was the object of competing territorial claims between Italy and Yugoslavia. Following the flamboyant occupation of the city by the poet Gabriele D’Annunzio on behalf of Italy, the city was first established as an autonomous city-state, and then, in 1924, it was formally annexed by Italy. The border ran down the Rječina (or Eneo) river, separating Rijeka from the peri-urban settlement of Sušak. While for numerous reasons Rijeka stagnated as an Italian city, both industrially and as a port, Sušak experienced dramatic growth as an important port for the neighbouring Kingdom of Serbs, Croats and Slovenes (later renamed Kingdom of Yugoslavia).

After the Second World War, Yugoslavia's western boundary shifted westwards to the other side of the Istrian peninsula, relocating Rijeka squarely within its borders. The port’s future seemed at first uncertain. It had been subjected to allied bombardments during the Second World War and mined by the retreating Germans, requiring extensive reconstruction. The new Partisan-dominated government, short on manpower and materials, struggled for several years to restore the port’s infrastructure and capacity.3 Yet, from the start, advocates of the port claimed a central role for it in building the fledgling socialist state:

Namely, this port has to serve our foreign trade in the broadest sense, that is, not only exports and imports, but also the transit of goods for our continental neighbors. It must enable our foreign trade to be completely free from the influence and control of others and to give full impetus to the development of our maritime affairs. By attracting transit traffic, it should strengthen our economic activity and, on top of that, demonstrate how it can meet the economic needs of the Adriatic hinterland of Central Europe.4

The port’s ultimate fate was influenced by a shift in Yugoslavia’s maritime policy, itself triggered by the Tito-Stalin split. In the immediate aftermath of the war, Yugoslavia's maritime policy reflected its very modest assets and its alignment with the Soviet Union. It attempted, unsuccessfully, to increase its fleet by making appeals to the United Maritime Executive Board on the basis of dire need.5 The Maritime ministry also faced

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2. Pero Mitrović and Radojica F. Barbalić, 'Riječka Luka', in Ravlić, Rijeka: Zbornik, 35–66; Jozsef Berkes, 'Izgradnja Riječke luke od 1868. do 1918. Godine', in Ervin Dubrović, ed., Riječka Luka: Povijest, izgradnja, promet (Rijeka, 2001), 133–64.
3. Dražen Hrešić, 'Uz izgradnju, miniranje i obnovu luke', in Dubrović, Riječka Luka, 165–79; Mladen Grgurić, Rijeka – sjećamo se (Rijeka, 2010).
4. Arhiv Jugoslavije (herefater AJ), 552 Ministarstvo Pomorstva FNRJ, Jedinica 73. Izjava predstavnika javnih i slobodnih carinskih skladišta.
5. On appeals to the UMEB, see AJ, 552 Ministarstvo Pomorstva FNRJ, Jedinica 15, MEB. Coasting and Short Sea Trades in Europe, Zone 2 Committee. Minutes of 6th meeting held at 10 o’clock on Sunday 25 November 1945 in Marseilles; Report from the UMA conference Zone 3 in Cairo, 1946.
a decision: did it want to approach maritime shipping as a vehicle for exchanging goods with Eastern Bloc states, in line with the emerging logic of the Soviet Bloc? Or did it want to participate in the global market with a view to earning foreign currency? The ministry's archives suggest that it initially banked on the former strategy, seeking to cultivate a relationship with Czechoslovakia, in particular. Simultaneously, it staked a public position of contesting the existing global shipping order – particularly the use of shipping conferences – as an Imperialistic tool through which powerful capitalist states like Britain and the United States enforced their domination over smaller states with fledgeling merchant marines. Thus, in the early stages, Cold War tensions played an important role in shaping Yugoslav maritime policy.

Tito's split with Stalin in the spring of 1948, and Yugoslavia's ensuing expulsion from the Cominform (and by implication, all other Soviet-dominated bodies) forced its hand. While the state's commercial relationship with Czechoslovakia survived the geopolitical turbulence, at least in the transportation sector, Yugoslavia was obliged to revise its maritime strategy. For one, it now found itself in the position of having to trade with states outside of the Eastern Bloc. Moreover, after the break, Yugoslavia opted to invest in extensive industrial development, and consequently, it accumulated significant foreign exchange deficits. While this deficit was partly covered by American aid, Yugoslavia recognized the need to increase its exports, and more generally, to accumulate foreign currency, in order to assert its autonomy. To do so, Yugoslavia turned to so-called 'invisibles' – primarily transportation (both maritime and railroad) and tourism.

Yugoslavia thus shifted its official line from principled posturing against the global shipping field toward active and enthusiastic participation in it. More specifically, it sought to position itself as a significant node in global transportation. As Yugoslavia's main port, Rijeka had an important role to play in this project. According to Commander V. Cerić, increasing traffic through the port of Rijeka would lead 'to a better networking of the port capacity as well as an expansion of the shipping line service, which is beneficial also to the port and the national economy'. Rijeka was far and away the most dominant port within the Yugoslav port system. In December 1951, Rijeka had 4,500 metres of wharfage at its disposal, compared to 2,087 in Split and 1,908 in Dubrovnik. By December 1960, while all ports had increased their wharfage, Rijeka still had more than twice the capacity of its nearest competitor, Split – reflecting the larger sums invested

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6. AJ, 552 Ministarstvo Pomorstva FNRJ, Jedinica 15, Referat o medunarodnim konferencijama i pristupanju FNRJ medunarodnim pomorskim organizacijama, 1947.
7. AJ, 552 Ministarstvo Pomorstva FNRJ, Jedinica 24 (Međunarodni pomorski odnosi – Čehoslovačka.) See in particular, Letter from Maritime Ministry to Presidency of FNRJ, General Secretariat. Predmet: Upostavljanje jugoslovenske pomorske agencije u Pragu. Undated, likely 1946; Letter from Jugoslovenska Pomorska Agencija, Prague to Maritime Ministry. Izveštaj o radu u Pragu. 10 February 1947.
8. AJ, 552 Ministarstvo Pomorstva FNRJ, Jedinica 15, Međunarodna brodarska konferencija (International Shipping Conference), undated, likely 1947.
9. David Dyker, Yugoslavia: Socialism, Development and Debt (New York, 2011), 45, 49–53.
10. ‘Foreign Exchange Receipts and Expenditure on Account of Invisible Items of Trade and Current Transfers with the rest of the World’, Yugoslav Survey, 1969 (1), 67–76.
11. ‘Rijeka als Ostereichischer Transithafen’, Verkehr, 3 December 1955.
into the northern Adriatic port’s growth. Increased capacity translated into even more pronounced dominance in terms of traffic. In 1960, Rijeka handled 4,054,000 tons of goods, compared to 1,690,000 for the port of Split. It also handled all of Yugoslavia’s transit traffic. Consequently, it handled roughly 60 per cent of all Yugoslav overseas cargo. By 1953, ships coming from various points in the Mediterranean (North Africa, the Aegean and the Middle East) conveyed their goods to Rijeka from where they would continue their voyages by road or rail. In addition to domestic coastal traffic and the four lines run by Jugolinija, the Yugoslav shipping line, ten other foreign shipping lines serviced Rijeka, connecting the port to Scandinavia, England, Africa, the Far East, the United States and South America.

Rijeka’s development as a port was paralleled by the expansion of Yugoslavia’s merchant marine. From a miniscule fleet of ships inherited from Yugoslavia and acquired as war reparations from Germany, the state had 352 ships with a capacity of 720,866 gross registered tonnage by 1960, more than double the 1956 figure. As Yugoslavia’s flagship shipping line, Jugolinija more than doubled its capacity over this period – from 17 ships with a capacity of 103,834 gross registered tonnage in 1947, to 35 ships and 228,057 tons in 1959. It would nearly double again in capacity over the next decade, to 49 ships and 422,984 gross registered tons in 1971. Jugolinija was a major employer in Rijeka; in 1952, it had 2,404 employees, a figure that would peak in 1965 at 3,068. In comparison, Rijeka’s other major employer, the 3rd of May Shipyard, employed 2,986 employees in 1950, and 4,818 employees at its peak in 1960. It also earned a substantial amount of foreign currency for Yugoslavia, from the start of its operations in 1947, when it brought in 7,153,980 USD net. For the period covered in this essay, it peaked in 1958, earning 20,911,822 USD net. While the expansion of Yugoslavia’s merchant marine was impressive, it still did not bring it in line with major global players. Thus, in 1950, the British merchant fleet extended to 13 million tons, and by 1959, the American fleet totalled 3,021 shipping vessels of 1,000 gross tons or over, aggregating more than 24 million gross tons. Yet, Yugoslavia’s respectable growth in capacity was also paralleled by an impressive expansion in geographical reach, via the activities of Jugolinija. By 1950, Jugolinija had six regular weekly, bi-monthly or monthly lines to northern Europe, Turkey and Greece, Greece and Israel, North America, and the Near East (the most frequent line.) Over the next decade, it would expand its coverage to the Mexican Gulf Coast, the Indian subcontinent, Iraq, Iran, China and Japan. In other words, although it in no way rivaled the

12. ‘Development of Yugoslav Seaports’, Yugoslav Survey, 1962 (9), 1292, 1295.
13. ‘Rijeka als Ostereichischer Transithafen’, Verkehr, 3 December 1955; ‘Development of Yugoslav Seaports’, Yugoslav Survey, 1962 (9), 1295.
14. ‘Yugoslavia’s Merchant Marine’, Yugoslav Survey, 1963 (12), 1746.
15. Ive Kisić, Jugolinija (Rijeka, 1973), 91, 112–3, 139–41.
16. Figures for Jugolinija from Kisić, Jugolinija, 222. Figures for 3rd of May Shipyard from Petar Trinajstić, 3. Maj: Stoljeće modern brodogradnje (Rijeka, 2005), 116, 122–3.
17. Kisić, Jugolinija, 201.
18. William Currie, ‘British Shipping’, Journal of the Royal Society of Arts, 98 (1950), 888; James Milton Patterson, ‘The Federal Promotion of Ocean Shipping’ (PhD Dissertation, Cornell University, published by ProQuest Dissertations, 1961), 321.
major global shipping lines in terms of the size of its fleet, Jugolinija punched above its weight, effectively connecting Rijeka – and Yugoslavia – to the world. Yugoslavia continued to build regional partnerships, courting the business of the Danubian states (Austria, Czechoslovakia and Hungary), promoting Rijeka as 'Eastern Europe's gateway to all directions'.

**The primacy of politics (state and national interest)**

Socialist states are obviously not the only states to actively intervene in strategic economic sectors – indeed, the term dirigism was coined to describe post-war France, and can be applied to a variety of states of all ideological colours. However, Yugoslavia's status as a socialist state in the context of the Cold War is critical to understanding its interventions in the affairs of its merchant marine. The Yugoslav merchant marine played a role in positioning Yugoslavia in the Cold War, particularly following Yugoslavia's rupture with Stalin and the Soviet Bloc. After initially seeking to focus its maritime trade on Eastern Bloc states, and contesting the global maritime transporation order – in particular, the use of shipping conferences – Yugoslavia shifted gears to achieve success within the existing global system, and to develop into a global transportation player. At the same time, while Jugolinija sought to become a competitive actor on the global markets, Yugoslav state interests also influenced the firm's operations; for example, through the pursuit of strategically valuable, but commercially unprofitable, lines.

The primacy of the political strategic interests over the profitability and integrity of the firm manifested itself on multiple occasions. For instance, Jugolinija was treated as an instrument for developing Yugoslavia's foreign trade – a role that director Radivoj Kesić embraced because it allowed him to put pressure on policy-makers to adapt their policies in Jugolinija's favour. Reflecting this, Jugolinija maintained certain shipping lines in which they were not competitive. For example, Jugolinija captured less than half of Yugoslavia’s traffic to North America, but director Kesić argued for maintaining that line on the grounds that ‘our country has an interest in gaining more assistance in this way’, referring, presumably, to facilitating American aid. In his words, while some lines should operate on strictly economic principles, others could act as instruments of economic policy.

A more egregious use of Jugolinija to pursue state interests was recorded by Katarina Todić – namely, the use of Jugolinija to ship weapons to the Algerian decolonization movement, the Front de Libération National, in 1958, during the war in Algeria. The discovery of one such shipment – ‘200 machine guns, 48 bazookas, 1,000 submachine guns, 4,000 Mauser rifles, 1,500 automatic pistols, and accompanying shells and cartridges’ – nearly set off a diplomatic incident.

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19. *Verkehr*, 1960, 1458, advertisement for Jugolinija.
20. Hrvatski Državni Arhiv u Rijeci (hereafter DARI), 1198 Croatia Lines, OÚ–14, XIV Zasjedanje Radničkog Štajeta, 27 and 28 January 1955, Društveni plan; Zapisnik, XV, XVI & XVII, Zasjedanje radničkog štajeta, 20–23 April 1955, 4.
21. Katarina Todić, ‘A Traditional Friendship? France and Yugoslavia in the Cold War World, 1944–1969’ (PhD Dissertation, McMaster University, 2015), 192–5.
This particular use of Jugolinija – to support foreign policy rather than foreign trade – points to another tantalizing possibility; namely, that Jugolinija was used to develop ties with the Global South, building a foundation for the eventual founding of the Non-Aligned Movement, which came into existence in 1961. Indeed, the Algerian incident suggests that Belgrade was at least as interested in building relationships with decolonizing states as with Western European states. Jugolinija poured its efforts into extending its global connections. Starting in 1954, it launched three lines that transited through the Suez Canal: one line to the Bay of Bengal (1954), another to Iran and Iraq (1958) and a third to China and Japan (1956). Jugolinija also participated in joint ventures, such as the Yugoslav-Indonesian mixed society and business association for Indonesia, which was a collaboration with the Yugoslav bank for foreign trade and Interexport, both based in Belgrade. Its appetites were not limited to the Global South, for it also planned to found a similar mixed society in Vienna, in association with the Port and Warehouse authority of Rijeka. In providing the infrastructure for increasing trade between Yugoslavia and other states around the world, and developing expertise on their economies, policies and government, Jugolinija contributed to building partnerships and personal relationships. As Jugolinija’s home port, Rijeka thus became a centre of expertise in global trade.

The primacy of the political over the profit motive impacted Jugolinija in other, less straightforward ways. While Yugoslavia took measures to protect its flagship line – presumably to give it the best chance of success in competition with its global rivals – other top-down, politically motivated decisions affected the company adversely. In particular, the implementation of major constitutional reforms in 1953 – specifically, the decentralization of administration and the systemic implementation of self-management in the economy – imperilled Jugolinija’s pre-eminent status and placed it in a precarious position. The Maritime Ministry was dismantled, and Jugolinija went from being a firm of national strategic importance to being under the jurisdiction of a local administration – that is, the People’s Committee (Narodni odbor) of the City of Rijeka. Responding to this astonishing situation, Kesić reassured his employees, with a touch of irritation, that this did not mean that the city would take over the running of the firm, but that it would simply have oversight. He reaffirmed the national significance and role of the firm and committed to finding new managerial and organizational forms to ensure its continued success.

However, Jugolinija’s re-assignment as a municipal business had put it in a dangerous position, as other coastal cities began to clamour for their own piece of the merchant marine. Until that time, neither the shipping line nor the port of Rijeka faced any meaningful competition. Indeed, Yugoslavia’s initial tendency had been to concentrate its efforts in a single venture, which would achieve economies of scale. In 1949, Jugolinija had absorbed Jugoslavenska slobodna plovidba, a separate tramp shipping operation. Then, in 1953, the cities of Split and Dubrovnik initiated a request to split the fleet and claim some of Jugolinija’s assets.

22. Kesić, *Jugolinija*, 180–7.
23. DARI, 743 Croatia Lines, OU-14, 33 Zasedanje, 27, 28, 29 October 1958, 14.
24. DARI, 743 Croatia Lines, OU-1, Sjednice UO, 12 February 1953.
25. *Sumrak Kvarnerskog brodarstvo*, 22.
26. DARI, 743 Croatia Lines, OU-1, Sjednice UO, 5 May 1953.
This proposal to decentralize the merchant marine set off a flurry of discussion in the firm that is revealing in terms of how Jugolinija understood its relationship to the city of Rijeka. As noted above, the firm's administrative board saw itself as somehow separate from, or rising above, the city – Kesić had positively bristled at the idea that the firm should be overseen by the municipality, and indeed, he partly blamed it for inspiring Split and Dubrovnik's move. He claimed that the greedy municipality had treated the firm as a source of municipal revenue, and that this had whetted the appetites of other cities. Other members of the board suggested the firm had encouraged this misconception by investing in building real estate in the city, and argued that company profits should be invested in the port, rather than end up in the city's coffers. Yet another argued that shipping lines were by their very nature promiscuous, dropping anchor wherever the goods needed to go. Do ports serve particular cities, or do they serve the federation as a whole, asked another, rhetorically? Only one board member acknowledged that a city necessarily benefited from the presence of a shipping line, if only in terms of providing employment.27

Ultimately, in spite of the energetic opposition of both Jugolinija and the city of Rijeka to the dispersion of the fleet, on the grounds that this move would undermine the viability and competitiveness of the merchant marine as a whole, they were not able to prevent it. The decision would finally be consummated in 1956 and 1957, with the creation of Splošna Plovba (Piran), Atlantska plovidba (Dubrovnik), Jugoslovenska Oceanska plovibda, or Jugooceanija (Kotor), and Jugoslovenska tankerska plovibda (Zadar), to which Jugolinija would surrender 21 of its 54 ships.28 In spite of this loss, Jugolinija was able to quickly replenish its fleet, suggesting that Kesić was able to turn a loss into an opportunity to replace its older ships. Over the next five years (1958–1963), it acquired 17 new ships. Of those, all but one were new builds, and all but two were built in Yugoslav shipyards.29 Thus, while one might conclude that this was a case of state ideology trumping the economic interests of both the state and the firm, Jugolinija came out ahead with its competitiveness strengthened.

At the intersection of the state-socialist economy and the global economy

Beyond Yugoslavia's direct intervention in the affairs of its merchant marine to support its foreign trade and foreign policy, the Yugoslav state placed other constraints on the activities of Jugolinija, most obviously through its control over foreign exchange reserves and exchange rate policy. This put Jugolinija in an unenviable position of competing on the global markets with one hand tied behind its back. While occasionally pushing back, which its strategic importance allowed it to do, Jugolinija was able to adapt its operations to the constraints of the state-socialist mixed economy and expand its operations significantly. This was partly due to another aspect of the state-socialist mixed economy – namely, the limits on (but not the absence of) domestic competition. Jugolinija acquired

27. DARI, 743 Croatia Lines, UO-1, Sjednice UO, 5 May 1953.
28. Sumrak Kvarnerskog brodarstvo, 22
29. Kisić, Jugolinija, 73–9.
a privileged position at the interface of two systems – Yugoslav state socialism, on the one hand, and global capitalism, on the other – a particularly important position prior to the full opening up of the border in the 1960s.

In 1950, Jugolinija struggled with a number of administrative barriers to operating competitively, specifically related to its ability to conduct foreign exchange transactions. The firm needed to pay for fuel, loading and unloading in foreign ports, as well as commissions, supplies and ship repairs in foreign currency. In particular, its transactions were subject to oversight by the Ministry of Foreign Trade, which often took months to approve purchases of coal and fuel for the ships. As a result, Jugolinija was unable to meet its commitments, and its ships were stuck, moored unprofitably in foreign harbours. In turn, due to their poor record, shipping agents would no longer extend them credit, interrupting their operations “at the most important points and lines in the world”. In the shipping business, reputation was everything; once it was tarnished, it could only be restored with great difficulty.30

But even with such administrative inefficiencies removed, Jugolinija faced a larger challenge with foreign currency. Yugoslavia put in place strict controls over foreign exchange expenditures. Firms were only allowed to keep a certain percentage of the foreign exchange that they earned, and had to sell the remainder to the Yugoslav national bank in exchange for dinars. Moreover, in comparison to import-export firms, which could keep 40 per cent of their foreign exchange earnings, Jugolinija was initially allowed to keep only 25 per cent of such earnings. These restrictions on foreign exchange created various obstacles to Jugolinija's competitiveness – obliging it, for example, to use domestic shipyards for repairs when foreign shipyards were both more affordable and rapid.31 Jugolinija's administration pushed back against this arbitrary limitation, and it appears to have achieved some success by 1955, when it was required to give the state 45 per cent of its gross earnings in foreign currency. It was allowed to keep the remaining 55 per cent, and if it had a surplus in relation to its operational needs, it could sell the foreign currency at a profit. Still, the requirement to earn both dinars and foreign currency, to meet its obligations to the state, continued to hamper the firm's competitiveness.32

Compounding the shipping line's challenges, Yugoslavia did not compel importers and exporters to favour Jugolinija over foreign shipping lines. With the introduction of self-management in 1950, import-export firms were given the liberty to award their contracts to the cheapest bidder. Kesić attempted to convince the Maritime ministry to reverse this policy, on the grounds that it was endangering the sustainability of the merchant marine, whose eventual failure would in turn leave Yugoslavia's export capacity at the mercy of rapacious shipping lines that would charge extortionate rates, but he was unsuccessful.33 As a result, even though Jugolinija had the official mandate of supporting

30. DARI, 743 Croatia Lines, OU-14, Zaključci Radničkog Savjeta, 1950–1956. Prvog zasedanja, 15. studenog 1950. god., Prilog 6, 12, 17.
31. DARI, 743 Croatia Lines, OU-14, Zaključci Radničkog Savjeta, 1950–1956, IV, Zasedanje, 17 June 1952, 6.
32. DARI, 743 Croatia Lines, OU-14, Zaključci radničkog savjeta 1950–1956, XV, XVI & XVII Zasedanje, 20–23 April 1955, Discussion, 3–4.
33. DARI, 743 Croatia Lines, OU-1, 18 Sjednice Upravnog Odbora, 30 & 31 July 1951.
foreign trade, and the Yugoslav economy more generally, it could not take any domestic clients for granted: in 1955, Yugoslav ships conveyed only 38.4% of goods carried by sea, with foreign vessels transporting the remaining 61.5%. Yugoslav would not fully liberalize access to foreign currency until 1962.

On the one hand, as I have described above, operating as a socialist shipping line on the global seas came with significant challenges. On the other hand, it provided both the port and the shipping line with the unique role of acting as Yugoslavia’s gateway to the world. Prior to Yugoslavia's opening up of the border and the passport regime in the early 1960s, working for the shipping line was one of the few ways to travel beyond Yugoslavia’s borders and encounter other cultures. When ships docked in foreign ports to unload and reload, sailors expected to be allowed ashore. Indeed, when they were denied the right to do so in Egyptian ports in 1951, it triggered a diplomatic intervention. We should not overstate the exposure of sailors to other cultures, as their contacts with the rest of the world were by necessity brief encounters. Moreover, it seems that such contacts could reinforce distrust of foreigners and stereotypes about the Global South. For example, ship crews complained about dishonest watchmen and thieving Arabs in the port of Latakia, in Syria.

But ship crews were not the only Jugolinija employees who had the opportunity to travel abroad. Numerous employees, both blue- and white-collar, went on business trips. Forty employees went on a total of 85 business trips to locations around the world in the second half of 1961, including: the director and his assistant, the director of finance, the shop director, the head of new shipbuilding, commercial inspectors, technical inspectors, representatives to particular regions (Beirut, Buenos Aires, Casablanca, Genoa, New York, and Singapore), accounting auditors, line officers and lawyers. These business trips, which ranged from a few days to several weeks, allowed a range of Jugolinija employees to develop an in-depth knowledge of the world, which they in turn brought back to Rijeka.

**Unexpected consequences: The port as a leak**

While working for Jugolinija provided managers and sailors with rare and valued opportunities to travel abroad and engage with other cultures both professionally and personally, others exploited this opportunity as a way to leave once and for all. A perusal through a single box of Jugolinija personnel records reveals that desertion was far from uncommon. Because of the nature of the transgression, we do not have many details on those who deserted, and why. Antun A.’s personnel file laconically states, for example, that the kitchen helper was declared a deserter after having left his ship in the port of New York in July 1965. Mate B. did the same in the port of Trieste in August 1956, as did Branko B. in the port of Wilmington in November 1964. In the case of second officer Dragoljub

34. DARI, 743 Croatia Lines, OU-14, XV, XVI & XVII Zasedanje, 20–23 April 1955, 2.
35. AJ, 552 Ministarstvo Pomorstva FNRJ, Jedinica 15, Jugoslavenska linijska plovidba. To MinPom. Upravno pravno odeljenje. Predmet: Pravni odnosi međunarodnog karaktera, 22 October 1951.
36. DARI, 743 Croatia Lines, OU-14, Zaključci radničkog savjeta 1950–1956, XV, XVI & XVII, Zasedanje, 20–23 April 1955, Discussion, 10.
B., there is just a brief mention of his desertion in a telegram sent from New York in October 1962. Some sailors deserted on their maiden voyage, but others jumped ship after years of service to the shipping line, suggesting an opportunistic decision rather than a premeditated act. Desertion had negative consequences for Jugolinija beyond the loss of vital personnel; for example, in American ports, they were liable to pay a hefty fine of $1,000.

In rare cases where sailors returned, we sometimes have a bit more insight. Marko A. absconded in the port of New York in January 1966 and was declared a deserter, but then, in a surprise twist, he reappeared in Rijeka in the following year and requested that the declaration be annulled on the grounds that he had returned to the homeland; unfortunately, no further details are provided. Then there is the very strange case of Frane A., who claimed that he had been abducted by his uncle. In Frane's testimony, when the ship Slovenia docked in New York City, he received permission to visit his uncle Vice, who had left Yugoslavia over 20 years previously, and now worked on the docks. Upon his return to the ship on 26 September, his uncle, who was on strike, came by and asked him to come visit the city for another day, and Frane obtained permission to do so. According to Frane, when they returned to his apartment, Vice told him that he must not return to Yugoslavia, and when Frane protested that he wished to return to the ship, his uncle locked him up in the flat. Frane claims that he was unable to leave until 4 October, when the police came to his uncle's apartment. Frane insisted that this was not a pre-meditated attempt at desertion: specifically, he vouched that neither he nor his mother had been in touch with his uncle previously. While the human resources department went on record as 'partially' believing him, due to his young age, respectable family background and good work record, this was not sufficient to save his job.

Working at the intersection of state-socialism and global capitalism provided sailors with access to capital and rare commodities. To begin with, ship crews received very good salaries. Significantly, Jugolinija took the position that, to be globally competitive, it had to pay its crew a globally competitive wage. Consequently, crews received 30 per cent of their salary in foreign currency. Moreover, in spite of the opposition of the Maritime Ministry to this practice, the portion of their salary that was paid in dinars was calculated according to the market exchange rate, rather than the official exchange rate – that is, 600 dinars to the American dollar instead of 300.

37. Because these are personnel files with sensitive information, only first names have been provided. DARI, 743 Croatia Lines, Jugolinija 1 to 1963, Personnel file: Antun A., Rješenje 9 August 1965; Personnel file: Branko B., Rješenje 21 February 1957; Personnel file Dragoljub B., Telegram 2 October 1962; Personnel file: Mate B., Rješenje, 6 July 1956.
38. DARI, 743 Croatia Lines, Jugolinija 1 to 1963, Personnel file: Frane A., Letter from Zapovjedništvo Slovenia to Lučko povjereništvo (Rijeka), 23 November 1959.
39. DARI, 743 Croatia Lines, Jugolinija 1 to 1963, Personnel file: Marko A., Obrazloženje, 8 January 1966.
40. DARI, 743 Croatia Lines, Jugolinija 1 to 1963, Personnel file: Frane A., Zapisnik, 26 November 1959; letter from kadrovska sektor to Lučko povjereništvo, 11 December 1959.
41. DARI, 743 Croatia Lines, OU-1, 22, Sjednice UO, 7 January 1952.
42. DARI, 743 Croatia Lines, OU-1, Savetovanje održanog u direkciji Jugoslavenske linijske plovidbe u Rijeci dne 11. January 1952.
Aside from these very significant advantages, smuggling appears to have been a fairly widespread practice. In 1955, the administrative board noted with consternation that smuggling had become a persistent problem with its crew, which required a vigorous response. Fifteen employees had been dismissed in 1955 for this infraction. Jugolinija saw smuggling as a scourge – after all, aside from the harm that came from theft of company or client property, the company could be fined and even dry-docked by foreign customs authorities if they were suspected of trafficking goods.

In meting out justice, however, Jugolinija distinguished between petty smuggling for personal use and smuggling as a business venture. Coxswain Milan B. claimed he got permission from the deck officer to take home some leftover paint for the house that he was building in 1962. Caught by a policeman while carrying off the goods, he argued he had done so out of need, and pledged not to do it again – he was allowed to keep his job. Coxswain Josip B. was caught in 1955 smuggling the following items for his family: two new sheets, one new blanket, two new silk scarves, one fur coat, one new curtain, three used bowls, one new griner, nine new handkerchiefs, three decorative figures, one new work suit, one new women’s blouse and kikla (an item of folk dress) and two new baby coats. Josip received a mild punishment because he had not engaged in smuggling for the purpose of speculation.

While Jugolinija understandably perceived smuggling as a highly undesirable criminal activity and an act of indiscipline and disloyalty, on the flipside, for the citizens of Rijeka, these activities might mean access to scarce goods and extra income for sailors’ families during the decade of post-war austerity. Smuggling could even be a family affair, with wives of sailors forbidden from boarding ship in 1955 due to reports that they too were involved in smuggling.

Interestingly, sailors involved in smuggling did not necessarily sell their goods in Yugoslavia. Personnel records reveal that they plied their illicit trade in ports of call. For example, room cleaner Nikola A. was caught by customs agents selling some cigarettes and a guitar in Costanta, for the purpose of earning pocket money to spend while on his leave in the port. While this case seems to have been opportunistic, other sailors put a lot of planning into their smuggling initiatives. Rudolf B., a waiter on the Dinara, got into trouble for bringing aboard 10 transistor radios purchased in the port of Aden, without the permission of the ship's commander: he didn't declare it on the customs manifest upon arrival in Calcutta, but rather hid the radios in a secrete compartment in the passenger's sitting room, that he and Veljko Š. had dug out, with the intention of smuggling.

43. DARI, 743 Croatia Lines, OU-14, XV, XVI & XVII, Zasedanje, 20–23 April 1955, Diskusija, 10, 12.
44. DARI, 743 Croatia Lines, Jugolinija 1 do 1963, Personnel file: Milan B., Zapisnik, 5 March 1962.
45. DARI, 743 Croatia Lines, Jugolinija 1 do 1963, Personnel file: Josip B., Presuda, 30 June 1955.
46. DARI, 743 Croatia Lines, OU-14, XV, XVI & XVII, Zasedanje, 20–23 April 1955, Diskusija, 10, 12.
47. DARI, 743 Croatia Lines, Jugolinija 1 do 1963, Personnel file: Nikola A., Zahtjev, 31 January 1959.
and reselling these transistors in an Indian port, but faced with an on-board customs inspection, he threw the radios in the sea, fearing he might be discovered.\textsuperscript{48}

While personnel records only record the fateful instance when a sailor was caught – and they almost invariably claimed that this was their one and only episode of smuggling – we can assume that some were repeat offenders. Milan B. and Marijan V. were found guilty of multiple acts of theft on a single voyage. In January 1958, Milan had stolen a box containing 10,000 cigarettes when the ship had been moored in New York City, and then he and two shipmates sold them in Tangiers and Genoa. Then, on the way from New York to Casablanca, Milan and Marijan had stolen two more boxes of cigarettes and a box containing 140 soaps. These had been found by Italian customs in Genoa, leading Jugolinija to forfeit its caution deposit. While in the port of Genoa, Milan and Marijan had also stolen five carpets. Milan said in his defence that he had been motivated by a desire to improve his material situation, as he was on the verge of getting married, and had a sick mother and sister at home, but Jugolinija’s disciplinary commission did not find this to be a persuasive mitigation, and both employees were fired.\textsuperscript{49}

On occasion, entire ship crews participated in smuggling schemes. In December 1953, for example, the company’s administrative board heard that 250 kilograms of coffee, 300 kilograms of pepper and 500 lighters had been taken from the Sarajevo and sold by crew members. The police had confiscated the goods and eleven crew members were imprisoned, including the first- and second-class deck officers. There had been other cases of black market trade on the ships Lendava, Topuško (flannel theft) and Korenica (ship food supplies).\textsuperscript{50}

The confession of Nikola B., a coxswain on the Topuško provides a glimpse into the details of a cigarette smuggling operation involving multiple members of a crew. Nikola purchased 2,000 cigarettes in the port of Tangiers in 1957 with the intention of selling them in Rotterdam, and purchasing clothing ‘and other things’ with the proceeds. He had omitted the cigarettes from the ship manifest and had hidden them away in the ship storage. Much to his dismay, in Rotterdam, he found himself accused by customs agents of smuggling 31,000 cigarettes. Whether or not we believe his claims of having been duped into smuggling, he was clearly one of several sailors who had procured a stash of cigarettes through the ship’s radio operator.\textsuperscript{51}

**Socialist ideology: A red herring?**

One might be tempted to conclude that Yugoslavia made a pragmatic decision to jetison ideology from its maritime affairs following the break with Stalin. Yet, ideology continued to matter, and was taken seriously in Yugoslav work environments, and the maritime

\begin{itemize}
\item \textsuperscript{48} DARI, 743 Croatia Lines, Jugolinija 1 do 1963, Personnel file: Rudolf B., Rješenje, 30 September 1964.
\item \textsuperscript{49} DARI, 743 Croatia Lines, Jugolinija 1 do 1963, Personnel file: Milan B., Rješenje, May 1958.
\item \textsuperscript{50} DARI, 743 Croatia Lines, OU–1, Zapisnik Sjednice UO Jugolinija, održane dne 1. decembra 1953 godine.
\item \textsuperscript{51} DARI, 743 Croatia Lines, Jugolinija 1 do 1963, Personnel file: Nikola B., Zapisnik, 27 January 1958.
\end{itemize}
sector was no different. The ideology of worker's self-management dictated the organizational structure of the firm, and it also provided a discursive framework within which goals and problems were discussed within the firm. At the same time, Jugolinija's success – and therefore, its clout – rested on its ability to successfully compete with other global shipping firms. Consequently, it was not in a position to allow ideological considerations – about workers’ control over work, for instance – to dictate how the firm was run.

With the passing of the Basic Law on Management of Enterprises by Workers’ Collectives in June 1950, Jugolinija organized a workers’ collective to help run the company. Each ship, additionally, had its own work collective. From the outset, however, a clear message was sent regarding the limitations of worker control, when the Maritime Minister warned the collective at their inaugural meeting in 1950 that their role was to adopt the recommendations passed down by the company’s administrative board, not to make suggestions. He further admonished the work collective to keep in mind the situation that Yugoslavia was facing, namely the blockade and the drought, which meant that operating as efficiently as possible was an urgent need.

While this pronouncement seems contrary to the very spirit of self-management, it is consistent with Vladimir Unkovski-Korica’s research on the origins of self-management, which has argued that its purpose was to mobilize the labour force into efficient production in a context of economic crisis and heightened insecurity. Unkovski-Korica further argues that self-management was implemented in tandem with the opening up of Yugoslavia’s economy to the world market, as a buttress for shifting from a command economy toward an economy that was based on economic principles and responsive to supply and demand, and also as an ideological justification for Yugoslavia’s reorientation toward the West. From this perspective, there is no contradiction between self-management and the instruction from the Maritime Minister that the work collective should focus its efforts on increasing the firm's competitiveness.

At the same time, Jugolinija’s employees were hardly docile, and over time, they would assert their right, enshrined in the constitutional amendments of 1953, to have a say in the running of the company's operations. Thus, rather than a real decision-making body or managerial structure, the workers’ collective is best understood as a forum that allowed employees to respond to business that was brought before them by management. This process of consultation was not merely 'for show' – it provided an opportunity for management and workers to exchange views, allowed workers to have some influence on outcomes, gave workers a sense of ownership over the firm and their labour, and provided a vehicle for management to mobilize workers behind its policies, particularly when they might adversely affect them. As Archer and Musić have proposed, ‘the Yugoslav self-managing practice therefore had the potential to unify the factory behind management and inspire workers to identify themselves with the enterprise’. It may also have

52. DARI, 743 Croatia Lines, OU-14, Zaključci Radničkog Savjeta 1950–1956. I. Zasedanje, 15 November 1950.
53. 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), 108–34.
54. Rory Archer and Goran Musić, ‘Approaching the Socialist Factory and its Workforce: Considerations from Fieldwork in (Former) Yugoslavia’, Labor History, 58 (2017), 49.
played a role in socializing Jugolinija employees into the norms and rhythms of the industrial workplace and the values of socialism.⁵⁵

Discussions of the work collective reveal that workers had internalized socialist discourse and values – in particular, the notion that the socialist enterprise's primary mission was not to earn a profit, but to serve the citizens of Yugoslavia – and used this as a framework for evaluating company policy. A discussion in 1955 regarding the decentralization of the fleet provides a rich illustration of this internalization. At this point, it had been two years since the initial proposal. Although Jugolinija and the city of Rijeka had opposed decentralization every step of the way, arguing that it was illogical from an economic perspective, it had received official support. Jugolinija had received guidance from the highest state organs (the Federal executive council, the office of the Marshall of Yugoslavia, and the transportation secretary) to divest itself of some of its assets – specifically, its tramp ships.

The discussion highlights the conviction that workers' self-management was a real form of worker control over the enterprise. Ante Ilijić (or Ilić), a member of the work collective, accused the administrative board of acting improperly by proceeding with plans to hand over its tramp ships. Members of the board, in turn, replied to Ilijić that he was out of line – only the workers' collective could come to a decision on such issues. The managerial board had merely responded to the urgency of the matter and prepared a proposal for the workers' collective's consideration. In spite of this admonishment, another member of the collective, Smokvina, felt that the board had put the horse ahead of the cart, and insisted that they should decide first on whether to decentralize, and only then, decide on the details. Ilijić, in turn, clarified that he did not oppose the decentralization, but that he thought that getting rid of the tramp ships was not the right way to proceed – he proposed instead that the company should give up specific lines. Clearly, even if one suspects the outcome of the proposal was a foregone conclusion, given the pressure put on the company by state authorities, members of the collective pushed back against the administrative board and asserted their right as self-managed workers to have meaningful input into the final decision.⁵⁶

While decentralization was not popular, at least some collective members understood it as an act of solidarity, and deferred to the political authorities as having the best interests of Yugoslavia at heart. Borčić, for example, stated that 'we haven’t asked, or gone to, other regions, that have been striving to obtain part of the fleet. Jugolinija’s fleet came into existence through the efforts of all our peoples (naroda), and our People’s Government seeks to satisfy the desires of our peoples.' M. Jurišić also indicated his trust in the political leaders that had endorsed decentralization: ‘if it’s in the general interest of our country to carry out the decentralization, as the proposal states, then he agrees and will vote to support the proposal’.⁵⁷

In thinking about its impact on Jugolinija, it would therefore be mistaken to write off ideology as a red herring. True, the firm’s operations were primarily shaped by the universal logic

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⁵⁵ On self-management as a tool for socialization, see I. Adizes, *Industrial Democracy: Yugoslav Style – The Effect of Decentralization on Organizational Behavior* (New York, 1971).

⁵⁶ DARI, 743 Croatia Lines, OU-14, Zaključci Radničkog Savjeta 1950–1956, XIX Zasedanje, 9 and 10 December 1955.

⁵⁷ DARI, 743 Croatia Lines, OU-14, Zaključci Radničkog Savjeta 1950–1956, XIX Zasedanje, 9 and 10 December 1955.
of the shipping industry in conjunction with considerations of Yugoslavia’s broader national interest. Even so, ideology shaped the organization of the firm, and gave a special symbolic status to the firm’s employees as equal partners. While their effective impact on the firm’s policies was probably limited, ideology shaped the process by which policies were justified, accepted and put in practice. Beyond business decisions, self-management also framed the firm’s provision of housing, summer holidays and other benefits to its employees.

Conclusion

Rijeka may have seemed to be a port like any other; arguably, to be successful, ports have to be as standardized and interchangeable with one another as possible to facilitate efficient and worry-free transactions. Yet, seen from the perspective of flows in and out of the port, Rijeka’s development was strongly influenced by state socialism. It acted as a kind of gateway through which the Yugoslav state regulated and capitalized on the movement in and out of people, goods, financial assets and knowledge.

Rijeka’s rise as a port – and, intertwined with it, Jugolinija’s growth into a significant global shipping line – were intimately connected with Yugoslavia’s situation and ambitions as an autonomous socialist state in the early Cold War. Early on, motivated by a need for foreign currency and a desire to address the balance of trade deficit created by its drive to modernize, the Yugoslav state opted decisively to become a competitive player in global shipping. To realize this ambition, it invested heavily in the port and shipping line, guaranteeing the prosperity of both entities. At the same time, their business operations were influenced by political considerations of various types, from building and fostering relationships with foreign states, to satisfying the demands of other Yugoslav regions to benefit from the lucrative merchant marine.

While state socialism placed certain constraints on Jugolinija’s operations, eroding its competitiveness, it also put the firm in a privileged position. Like import-export companies, Jugolinija was able to acquire valuable foreign currency – although it had to relinquish much of it to state coffers. More significantly, working for Jugolinija enabled sailors and administrators to travel around the world and acquire valuable knowledge and build business and personal relationships. Rijeka and Jugolinija thus became a node in a global network that embraced Central Europe, the rest of Europe, the United States and the Global South. The port city was, in sum, a controlled passageway to the world, one that could also act as an unauthorized leak, allowing disgruntled Yugoslavs to escape, and desperate or ambitious sailors to earn illicit extra income or acquire scarce goods.

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