

## **SOME DETERMINANTS OF ECONOMIC DEVELOPMENT IN SOUTH CROATIA IN THE INTERWAR PERIOD: DUBROVNIK AND KORČULA DISTRICTS CASE**

*Marija Benic Penava, PhD, Assistant Prof.*

University of Dubrovnik, Croatia

---

### **Abstract**

The paper examines the territorial changes that have affected Dubrovnik and Korčula districts between the two world wars, as well as some characteristics of the economy in this area. By becoming a part of the Kingdom of Serbs, Croats and Slovenes, southernmost Croatia was further isolated from the European core, and thus from modern economic trends. Therefore, the dominant Dalmatian agrarian economy with its lagging traditional system known as 'settlers', with its extremely divided land property, prevented competitiveness of agricultural products in the new market conditions. At the same time, a high proportion of workers in agriculture, a lack of skilled labour and a high illiteracy had significantly reduced the possibilities of the workers being the source of economic growth; which together with a lack of capital and technological progress restricted economic development in southern Croatia. Analyses of the structure and the cultivation of land in the Croatian far south indicates the reasons for an inclination of the population towards service industries in the districts of Dubrovnik and Korčula, which has been preserved in the structure of the economy today.

---

**Keywords:** Croatia, Dubrovnik district, Korčula district, interwar period

### **Introduction:**

The Croatian lands which were formerly part of the Austro-Hungarian Empire found themselves within the new interwar Yugoslav state. Thus, the southern part of the former Austrian province of Dalmatia which was in the 1920s divided into Dubrovnik and Korčula districts became a part of the Zeta Banovina in the 1930s. Political changes in 1918 established the emergence of a new state territory which, by its size and economic strength, greatly deviated from the earlier Monarchy which was oriented towards Central Europe.

Strong trade links with Central Europe, Vienna and Budapest were destroyed. Overnight, the most backward parts of the former Austro-Hungarian Empire became an economic leader in the new state union. Those changes in the political and economic framework of the Croatian territory were reflected in the economy of the districts of Dubrovnik and Korčula.

Economic growth and increase in gross domestic product of a country is the quantitative side of economic development, which depends on four main factors: natural resources, population, capital and technology. This paper aims by analysing the indicators: the structure and the cultivation of land as part of natural resources, and the basic characteristics of the population as a source of economic growth of the Croatian south, to provide insight into economic conditions and opportunities in Dubrovnik and Korčula districts in the interwar period. In this paper, after discussing the territorial changes in Dubrovnik and Korčula districts in the interwar period; the structure and cultivation of land with the basic

characteristics of the population of Dubrovnik and Korčula districts are analyzed according to the 1921 and 1931 official censuses of interwar Yugoslavia.

### **Territorial changes in Dubrovnik and Korčula districts in the Interwar period**

Former districts of Dubrovnik and Korčula are the territory of present day Dubrovnik-Neretva County without the island of Lastovo and the Lower-Neretva region, i.e. the area of Ponta Oštro in Konavle to the tip of Pelješac peninsula with the interior to the Croatian border, Elaphiti Islands and the islands of Korčula and Mljet. This territory covers 1,315 km<sup>2</sup> of the most southern Croatia which can be divided into two parts – physically almost completely separated: on one side the Dubrovnik coastal area, the Elaphiti Islands with Šipan as the largest (17 km<sup>2</sup>), the urban agglomeration of Dubrovnik, Župa Dubrovačka and Konavle; and on the other side Pelješac peninsula and the islands of Mljet (98 km<sup>2</sup>) and Korčula (273 km<sup>2</sup>) (Ilustrovani zvanični almanah šematizam Zetske banovine, 1931, p 54; Naša zemlja priručna enciklopedija Kralj. Jugoslavije, 1938, p 11).

The furthest parts of the Croatian territory under Austrian rule until 1918 became a part of the province of Dalmatia, and then in 1929 they became a part of the Zeta Banovina based in Cetinje (Banovina Zetska opšti pregled, 1931, p 6). Dubrovnik and Korčula districts never existed as single administrative-territorial units, but were parts of the Austrian province of Dalmatia, whose most southern part was the Bay of Kotor with Dubrovnik as the county centre. After the regulation on dividing the land into districts in the Kingdom of Serbs, Croats and Slovenes, Dubrovnik became the centre of the Dubrovnik area made up of districts: Dubrovnik, Korčula, Metković and Makarska. With the Vidovdan Constitution article 135, a part of the Bay of Kotor almost up to the city of Bar was seized from Dalmatia; this territory had been its part before entering the Kingdom of SCS (Boban, 1995, p 20; 24). Because of the provisions of the secret Treaty of London of 1915, when Italy was promised a significant territorial compensation for entering the war on the side of the Allies, Italy occupied a large part of the Croatian coast. The islands of Mljet and Korčula remained under Italian rule until the withdrawal of Italian troops (after signing the Treaty of Rapallo in 1920), while the borders of the districts of Dubrovnik and Korčula were subject to change. Thus, for example, municipalities Janjina, Kuna, Trpanj and Orebić on the peninsula Pelješac, which had been under the administration of Korčula, were moved under the rule of the District of Dubrovnik, which violated the corresponding quantitative indicators in the districts of Dubrovnik and Korčula. With the reorganization of the state in 1929, Dubrovnik and Korčula districts were re-united with the Bay of Kotor and its entire former territory all the way to Bar, but as a constituent of Zeta Banovina with its centre in Cetinje. The Bay of Kotor, formerly a part of the province of Dalmatia in the Monarchy, and a part of the Zeta Banovina in the Kingdom of Yugoslavia, is today the territory of the Republic of Monte Negro.

The above mentioned changes are reflected in the changes of the Dubrovnik district territory: in 1921 – the district measures 775m<sup>2</sup>; in 1931 – 788km<sup>2</sup>, and in 1940 – 1,039 km<sup>2</sup> (Ilustrovani zvanični almanah šematizam Zetske banovine, 1931, p 54; Godišnjak banske vlasti Banovine Hrvatske 1939 - 26. kolovoza 1940, 1940, p 44).

Variable territorial and administrative divisions inherent to Croatian territory, traffic isolation and an inconsistency in administration and governing all had a bad effect on the economic development of Dubrovnik and Korčula districts. It is an agricultural area whose population lived from agriculture and had an outdated system of the ‘settlers’ which is present in the far Croatian south from the early Middle Ages. On the territory of the former Republic of Dubrovnik a special form of feudal relations were developed, a so-called *Dubrovnik serfdom* under which the serfs often gave the nobility half of their total yield. Such a contractual relationship between the landowner and the tenant was later replaced by cash rent which was preserved in the first decades of the twentieth century (Šimončić-Bobetko, 1997, p 78).

### **The structure and cultivation of land in the Dubrovnik and Korčula districts**

Most of land in the district of Dubrovnik and Korčula (1,315 km<sup>2</sup>) is mountainous, while only 19.77% is arable land scattered in several karst fields, bigger ones being in: Konavle, Zupa, Ston, Blato and Pelješac. Basic soil characteristics are karst landforms covered by red, loose soil which provides the vegetation with needed moisture in the summer. Water supply is one of the basic preconditions for the development of agriculture. Water resources and the main water streams come from the biggest river in these parts Rijeka Dubrovačka, from Ombla and from numerous smaller river sources: Ljuta in Konavli, Duboka Ljuta in Župa Dubrovačka and Plata in Zaton Mali. The Dubrovnik coast, Pelješac peninsula, the islands of Korčula, Mljet and Elaphiti are poor in water sources.

In the areas of Dubrovnik and Korčula districts in the early 20th century, according to data from 1900; there was a total of 131,567 hectares of land – but only 25,993ha was cultivated, which means only 19.76%, far below the average for Croatia. Regarding southern Croatia, more cultivated land was in Dubrovnik (14,662ha), and less in Korčula District (11,331ha). Considering the structure of 25,993ha in the districts of Dubrovnik and Korčula, this cultivated land comprised gardens (10,200ha), vineyards (8,954ha), ploughed fields (6,816ha) and meadows (23ha) (Medini, 1930, p 67). Such a small share of meadows indicated a high level of utilization of arable land since most included gardens, vineyards and ploughed fields.

The structure of the cultivated land points to variety. Gardens (5,958ha) dominate in the structure of cultivated land (14,662ha) in the Dubrovnik district; next come the ploughed fields (5,827ha), vineyards (2,854ha) and meadows (23ha). In the first place in Korčula district with an absolute advantage in the proportion of cultivated land (11,331ha) were vineyards (6,100ha), followed by gardens (4,242ha) and ploughed fields (989ha) (Medini, 1930, p 67) .

Comparison of cultivated land in the considered districts of the early twentieth century, which did not change much in the next twenty years, with the number of households, which, according to the 1921 census upon entering the new state, was 13,855; we get 1.88ha of cultivated land per household: in Dubrovnik 0.38ha and in Korčula district only 0.4ha (Prethodni rezultati popisa stanovništva u Kraljevini Srba, Hrvata i Slovenaca 31. januara 1921, 1924, p 160). So little arable land per household indicates that agriculture could not have been a sufficient economic basis for an average rural household in the interwar period, especially if we take into account the quality of the soil, cultivation methods and the climate. Furthermore, the unfavourable ratio of households and arable land indicates that production greatly lagged behind the demand for agricultural products, and that the labour force remained unused due to lack of arable land.

Overpopulation of the Dubrovnik and Korčula districts, in relation to cultivated land prevented sufficient production of basic needs for household members, forcing the peasant population to go searching for a better salary or flee their homes. Ten years later in 1931, the structure of land estates in the two districts showed absolute domination (over 50%) of small farms (0-2ha). Given the size of the population it was necessary to increase the arable areas or leave the agricultural industry. Although the Dalmatian farm workers used all their efforts to cultivate the soil in the karst landscape, overpopulation depending on agriculture with not enough arable land forced the population into the city, whilst the majority emigrated. It was this high degree of agricultural overpopulation that affected emigration overseas. However, emigration reduced in the period of the Great Depression that began with the collapse of the New York stock market on October 29<sup>th</sup> 1929, (Black Tuesday), and affected the economy of the Kingdom of Yugoslavia in 1930, when the crisis brings a high number of immigrants back to the country.

Small farms in southern Croatia grew and bred products needed for living, while taking the surplus to the market. At the same time, large farms in Slavonia had their markets well profiled and were focused on growing only particular products, either crops or livestock, in

the period immediately after World War II when the agricultural products achieved a high price and were in demand on the European market. South Dalmatian agricultural production was doomed to produce odds and ends, grow more crops and be prepared for rapid market adjustment. The working conditions of the poor farmers were extremely modest: no tools, no required fertilizers and no animals to pull the carts because, due to the agrarian overpopulation, production was improved only through cheap work of the large workforce. Viticulture was not profitable due to grape diseases (peronospora and phylloxera), but also extremely unfavourable government policies towards viticulture that continued from Austrian bias against Croatian wines (aka Wine clause from 1893, which enabled the import of cheap Italian wine). Villagers were forced to divert to olive growing and production of pyrethrum or other industrial plants.

### **The basic characteristics of the population as a source of economic growth**

Since the population, or rather the labour force, together with the given natural resources, the capital and the technological progress, is the fundamental source of economic growth, the basic characteristics of the population in the analyzed period will be observed below.

Between 1900 and 1948, the population in the districts of Dubrovnik and Korčula was reduced by 0.09% compared to the beginning of the century; from the initial 66,906 inhabitants in 1900, their number had fallen to 66,849 inhabitants half a century later – census 1948 (Korenčić, 1979, p 90). A reduction and general stagnation of the population growth in southern Croatia was not only a consequence of the First World War that took place in this period, but also in the traditional economic neglect of the south as well as poor agricultural policies. It is, above all, the backward agrarian land relations in which labourers or tenants of the country (traditionally called ‘settlers’), were exposed to conflicts with landowners, which then caused migrations of the rural population. Although the agrarian reform granted the farmer leaseholder the right to the land which he was cultivating, farmers became true owners only in 1931. The conflicts over possessory relations were often encouraged for political reasons. The farm working population was backward, partly literate, poorly fed, in impossible health conditions and terrified of the brutal nature which would destroy in an instant what they had toiled for the whole year.

Agriculture as the main branch of the economy in the interwar period did not have the necessary government support, and as a result, it regressed due to primitive cultivation and low productivity, the difficulty to market agricultural products, and due to natural disasters (drought, hail, and severe cold like the one in winter 1929) and diseases on agricultural crops (peronospora and phylloxera on grapes). Connecting Gabela by railway to the Bay of Kotor with a connection to Gruž significantly increased connectivity of the hinterland with the Croatian south and ensured new jobs in Dubrovnik.

The most substantial loss of population in the 20th century in the districts of Dubrovnik and Korčula was recorded in the period between the 1910 and 1921 censuses when there was a decrease in population – as many as 1,152 people (Korencic, 1979, p 90). The loss was primarily contributed to the First World War, and then to epidemics, famine and emigration overseas. The negative trend was stopped in peacetime from 1921 to 1931 when immigration into the United States was stopped; the number rose by only 2,265 inhabitants. However, if we neglected the decrease in population in the first 20 years of the last century, an actual increase in the 30-year period was only by 1,063 inhabitants compared to the list from 1900, which corresponds to an average growth of 34.29 inhabitants per annum.

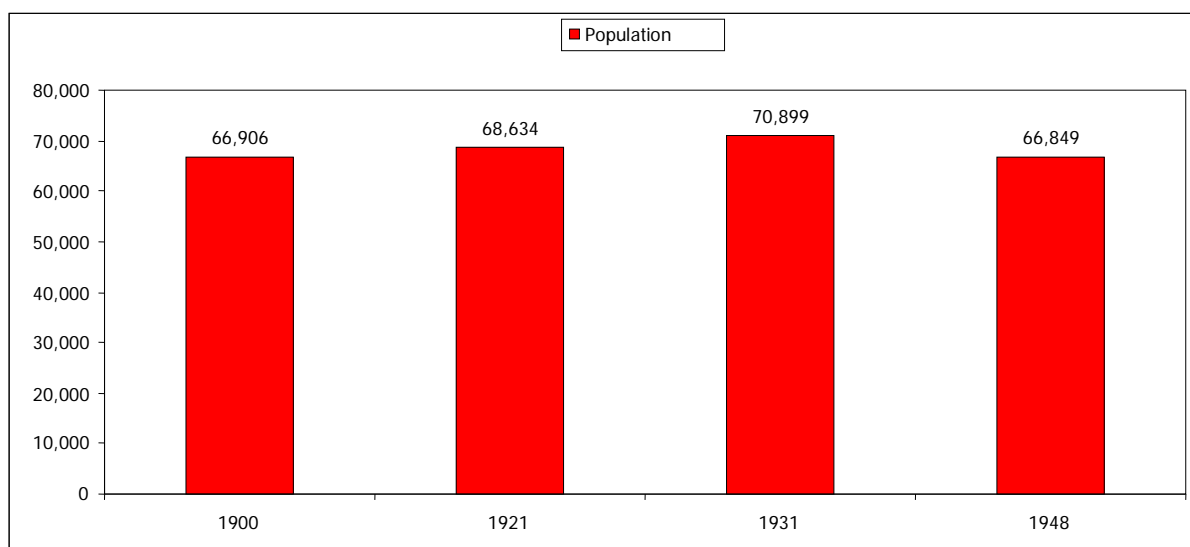


Figure 1 – The population of Dubrovnik and Korčula districts in the first half of the 20<sup>th</sup> century

If we compare population numbers from the 1948 census with those in the first half of the 20<sup>th</sup> century, we see that the number of 66,906 inhabitants in 1900 drops down to 66,849 in 1948. Thus, in 48 years the number of inhabitants decreased by 57 (Figure 1). Therefore, in the first half of the 20th century (minus two years), the population of Dubrovnik and Korčula districts did not significantly exceed the number reached in 1900, whilst it was considerably smaller than in the first thirty years. The two world wars had certainly scarred the demographic image, yet equally pernicious for this area was emigration. Changes in the total number of the population are followed by changes in the structure of the population. According to the 1921 census, 38,251 residents lived in Dubrovnik district and 28,354 in Korčula district (Definitivni rezultati popisa stanovništva od 31. januara 1921. god., 1932, p 246; 248).

Concerning gender structure, women dominated due to poor living conditions and migrations in search for work of the male population. The First World War brought about a high mortality of men, which together with emigration of mostly the male population, was the main reason for the high rate of femininity. Biological structure is a direct indicator of the vitality and dynamism of the population and also strongly affects economic development, and every irregularity of the age structure of the population has fatal consequences for the future.

A new category of ‘jobs’ was introduced in 1931 census, enabling a reconstruction of population employment according to individual industries. Femininity, as a newly present guideline, was dominant in a large number of agricultural households in Dubrovnik and Korčula districts.

Table 1 Employment by sector in 1931

Sector	Dubrovnik district	Korčula district	Total
Agriculture, forestry and fishing	17,057	9,008	26,065
Industry and crafts	2,853	922	3,775
Trade, transport and banking	2,371	420	2,791
Civil service and military	2,429	437	2,866
Other employees	2,701	338	3,039
Total	27,411	11,125	38,536

Source: Definitivni rezultati popisa stanovništva od 31. marta 1931. godine knjiga IV, 1940, p 318; 319.

According to the 1931 census, there were 70,899 inhabitants in southern Dalmatia; in Dubrovnik district 50,201, in Korčula district 20,698. There were 38,536 employees, which meant that 32,363, or 45.6%, were supported. Of the total number of employed, most were employed in agriculture, forestry and fishing (67.44%), followed by industry and crafts

(9.80%). Considerably more were employed in civil service and the military, than in trade, transportation and banking.

Figure 2 shows the structure of employment by economic activity, which coincided with the structure of the economy in Dubrovnik and Korcula district. According to the census official data, a tenth of the population was employed in industry and crafts, although a significant portion of these workers were in hospitality and catering, which were not treated as a separate category. Industry never had a significant foothold in these parts of Croatia, and traditional orientation towards the sea and shipping was in the early 1930s complemented by the development of tourism, which was far more pronounced in the city of Dubrovnik and its surroundings than in the rest of southern Croatia. The peculiarity of this new activity was a large proportion of human labour so that labour-intensive industry offered great opportunities of employment for both the male and female population.

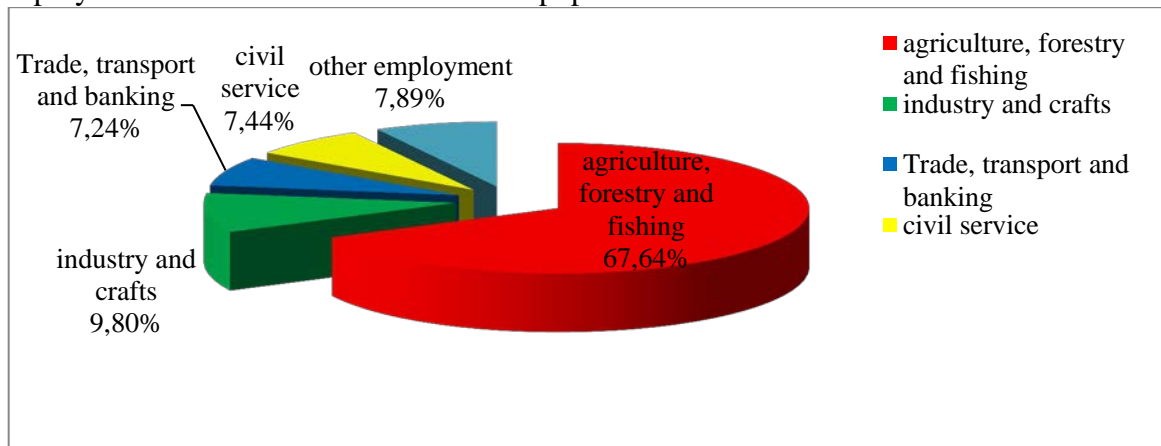


Figure 2 Employment of the population of Dubrovnik and Korcula districts by activities on March 31st 1931

The absolute majority of the population (total 46,323) lived from farming and fishing, and that was in the districts of Dubrovnik 30,004 and Korcula 16,319. The bulk of this number consisted of independent farmers and tenants (8,269), clerks and employees (15), workers (298), labourers and servants (1,380), apprentices (2), family members (16,081), and house servants (20). There were 20,258 dependent family members in agriculture, forestry and fishing (Figure 3) (Definitivni rezultati popisa stanovništva od 31. marta 1931. godine knjiga IV, 1931, p 318; 319). Economic crisis had caused the workforce to put pressure on the city which was also entering a period of crisis. There was not enough grain for food in the village, so the majority lived from viticulture or growing olives with no opportunity for retraining or getting employment outside of agriculture.

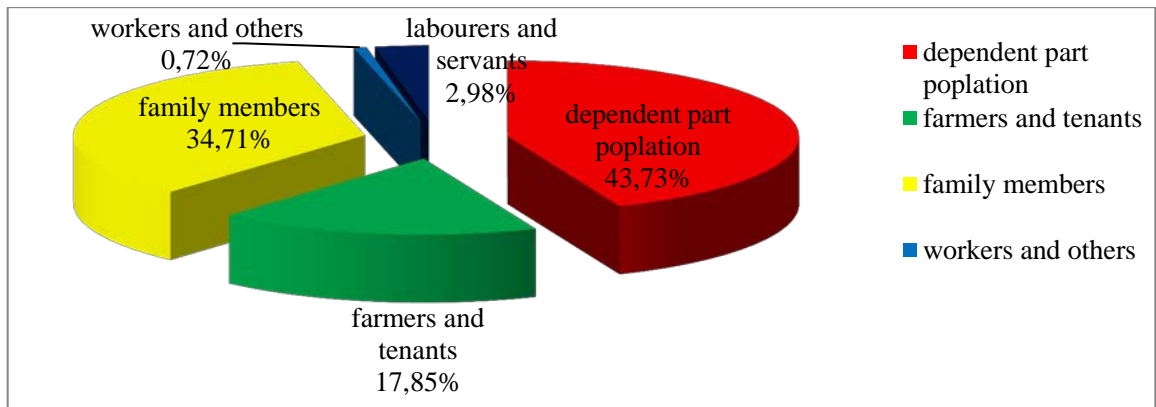


Figure 3 The structure of the population of Dubrovnik and Korcula districts oriented on agriculture, forestry and fishing March 31st 1931

By comparing the ratio of employed women (15 676) to employed men (22 860) there was an absolute dominance of the male working population. However, the ratio of people employed was 40.68% women and 59.32% men, which is a good indicator if we consider that in Croatia in 1935 there were only 46 female workers out of 100 employees. This presence of women did not happen due to the changed position of women in an advanced society, but as a consequence of poverty and poor living conditions which forced women to work. Industry was practically nonexistent; the majority of women worked in agriculture because of a large drain of male members, and a great employment opportunity appeared with the rise of a new industry – tourism.

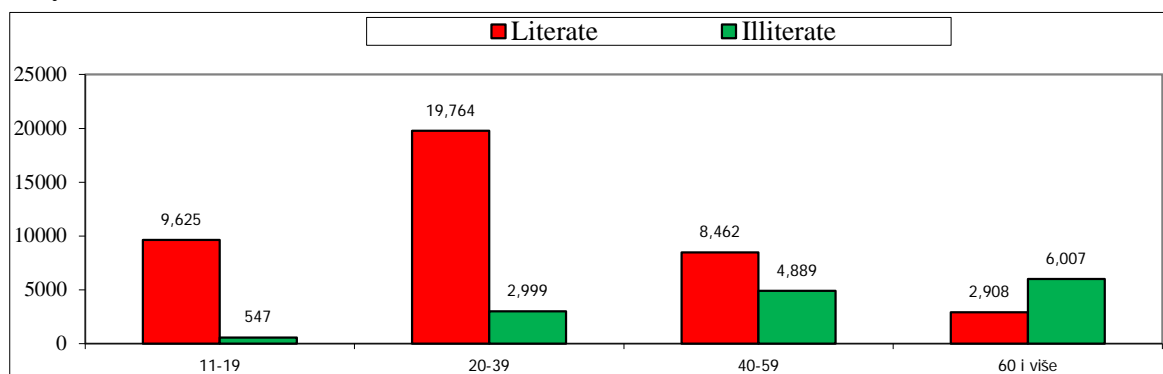


Figure 4 The ratio of literate and illiterate by the age structure in the area of Dubrovnik and Korcula districts in 1931

In the age structure of the population in 1931 in the districts of Dubrovnik and Korcula, a dominant share of the population between the ages of 20 to 39 can be observed. Illiteracy is prevalent with the older population (Figure 4) (Definitivni rezultati popisa stanovništva od 31. marta 1931. godine knjiga III, 1938, p 70; 122). Thus, in the age group from 11-19, there was an illiteracy of 5.38%, from 20-39 it was 13.17%, from 40-59 years 36.62%; while the population of 60 years and above was 67.38% illiterate. A higher ratio of a literate working-age population opened more employment opportunities in tertiary industries: in transport, trade and tourism in particular.

## Conclusion

This paper deals with the present territory of Dubrovnik-Neretva County, without the island of Lastovo (which was under Italian rule) and without the Lower Neretva valley. Dubrovnik and Korčula districts were never a separate administrative-territorial entity: under Austrian rule they were within the province of Dalmatia, in the Kingdom of Serbs a part of the Dubrovnik and Zeta region, and after 1929 re-united as a part of the Zeta Banovina based in Cetinje. Variable territorial and administrative division of south Croatia in the interwar period affected the economy and the lives of residents.

Within the natural resources as a source of economic growth and development, lack of arable land reduced to a few karst fields (Konavle, Zupa, Ston, Blato and Peljesac) had an impact on the structure of the property where small farms using inappropriate techniques absolutely dominated thus precluding significant development of agriculture. Therefore, agriculture could not be a sufficient economic basis, taking into account the quality of the soil, the climate and the manner of cultivation, while the government taxes and levies further exacerbated the already impossible circumstances.

The interwar period was marked by drastic emigration of the most vital and productive part of the population, particularly from the island of Korcula and Peljesac peninsula. The outdated system of 'settlers', crisis in viticulture, agrarian overpopulation, civil negligence and delay in land reform, lack of money, lack of marketing agricultural products as well as

uncompetitiveness in pricing, forcing the Dalmatian peasants to emigrate. Poverty and indebtedness in the villages of Dubrovnik and Korcula districts grew due to falling prices of agricultural products, lack of money, expensive credits and thriving usury, while the state ignored the needs of the village and rarely intervened.

Leading in the structure of the economy, despite a poor natural basis, was agriculture which employed over two-thirds of all workers, followed by industry and trade with nearly a tenth of employees. A relatively high proportion of employees in the civil service and the military is notable. Furthermore, a high share of employment in agriculture, a lack of skilled labour and high illiteracy rates significantly diminished the possibilities of the workforce to be the source of economic growth, which with the lack of capital and technological progress restricted the economic development of south Croatia. Analyzed structure and cultivation of land in far south Croatia suggests reasons why the population was concentrated in service industries in the districts of Dubrovnik and Korcula, which is preserved in the structure of the economy today.

### **References:**

- Banovina Zetska opšti pregled. Zagreb: izdanje Kr. banske prave na Cetinju, 1931.
- Boban, Ljubo. Hrvatske granice od 1918. do 1993. godine. Zagreb: ŠK; HAZU, 1995.
- Definitivni rezultati popisa stanovništva od 31. januara 1921. god. Sarajevo: Opšta državna statistika Kraljevine Jugoslavije, 1932.
- Definitivni rezultati popisa stanovništva od 31. marta 1931. godine knjiga III. Beograd: Opšta državna statistika Kraljevine Jugoslavije, 1938.
- Definitivni rezultati popisa stanovništva od 31. marta 1931. godine, knjiga IV. Sarajevo: Opšta državna statistika Kraljevine Jugoslavije, 1940.
- Godišnjak banske vlasti Banovine Hrvatske 1939 - 26. kolovoza 1940. Zagreb, 1940.
- Ilustrovani zvanični almanah šematizam Zetske banovine. Sarajevo: Kraljevska banska uprava Zetske banovine na Cetinju, 1931.
- Korenčić, Mirko. Naselja i stanovništvo SR Hrvatske 1857.-1971. Zagreb: JAZU, 1979.
- Medini, Milorad, ed. Stanje i potrebe privrede u području trgovačko-obrtničke komore u Dubrovniku. Dubrovnik: Trgovačko-obrtnička komora Dubrovnik, 1930.
- Naša zemlja (priručna enciklopedija Kralj. Jugoslavije). Zagreb: Glavno uredništvo Almanaha Kraljevine Jugoslavije; Jugoslavensko nakladno d. d. Obnova, 1938.
- Prethodni rezultati popisa stanovništva u Kraljevini Srba, Hrvata i Slovenaca 31. januara 1921. Sarajevo: Direkcija državne statistike u Beogradu, 1924.
- Šimončić-Bobetko, Zdenka. Agrarna reforma i kolonizacija u Hrvatskoj 1918. - 1941. Zagreb: Hrvatski institut za povijest; AGM, 1997.