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Brunnbauer, Ulf; Hodges, Andrew

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# **The long hand of workers' ownership: Performing transformation in the Uljanik Shipyard in Yugoslavia/Croatia, 1970-2018**

**Ulf Brunnbauer**

Leibniz Institute for East and Southeast European Studies, Regensburg, Germany

**Andrew Hodges**

Leibniz Institute for East and Southeast European Studies, Regensburg, Germany

## **Abstract**

In 2012, the large Uljanik shipyard in Pula (Croatia) was finally privatized, as a result of pressure from the European Union. The new owners were the workers (and pensioners) of the shipyard. History seemed to have come full circle: thanks to 'privatization', a previously 'socially owned' Yugoslav enterprise returned once again into the hands of workers. Yet, a closer look reveals that much has changed both on the shop floor and in the business strategies of the firm. In this article, we discuss performances of transformation relating to the Uljanik shipyard over the period from 1970 to the present, drawing on archival research, observations made in Pula and interviews with Uljanik workers. The article reveals how workers, managers and state officials understood their roles on the stage of this enterprise, and how they interrelated. Various important paradoxes relating to the 'transformation' from Yugoslav self-management to self-managed capitalism are revealed in the process. These experiences help to explain the difficulties in restructuring shipbuilding in Croatia today.

## **Keywords**

Croatia, managers, Pula, shipbuilding, success, transformation, Uljanik, Yugoslavia

## Introduction

On 11 December 1991, six months after Croatia's independence, *Glas Istre*, the regional newspaper of the Istrian Peninsula ran the headline 'The Shipyard That Feeds the Town'. On the occasion of the 135th anniversary of the founding of the Uljanik shipyard in Pula, this newspaper called Uljanik 'the main wheel of Pula's and Istria's economy'. It also asked local inhabitants what they thought about the ongoing changes at the shipyard. At that time, the beginning of the transformation, significant changes as well as 'numerous rationalizations of jobs and workers' were imminent. One citizen responded in a way that many Uljanik workers and managers (*Uljanikovci*), would surely have found pleasing:

I am in shipping, and in our industry, we mention the name of the shipyard in Pula often with pride. In the world people take notice of the name 'Uljanik'. This is a crucial enterprise that feeds this city and beyond.<sup>1</sup>

Another citizen commented on the incipient ownership transformation of the enterprise:

The fact that 'Uljanik' has been transformed into a joint stock company is of course positive and should be made public as soon as possible. However, I do not know whether the workers will have the money to buy shares. Besides, people have no idea what shares are. They have heard about them in American movies and TV series such as 'Dallas' and 'Dynasty', seeing that profits might come from shares. But what will happen if someone puts in their money for five years, when that person likely wants to sell their shares? Or if 'Uljanik' fails, then also the shares? It is likely that today many are not conscious that such an investment also means a particular risk.<sup>2</sup>

Indeed, long cherished business practices were up in the air, during a time of political and economic upheaval. In the same year, the international consulting firm PriceWaterhouse completed an assessment of the shipyard, which was one of the largest industrial enterprises of the country. PriceWaterhouse came to the candid conclusion that 'until recently, [Uljanik's] main objectives were employment and social security, whereas profitability was secondary'.<sup>3</sup>

These quotes from a turbulent year highlight some of the difficulties and ambiguities surrounding the transformation of a shipyard – and indeed any other enterprise – from socialism to a market economy. On the one hand, experts, but also 'ordinary' citizens, were convinced that radical change was required for Uljanik to be able to survive under capitalist conditions. This seemed to imply a change in the whole purpose of the enterprise. While it was supposed to continue to do what it had been doing since 1856 – that

1. 'Brodogradalište koje hrani grad', *Glas Istre* (Pula), 11 December 1991.

2. 'Brodogradalište koje hrani grad', *Glas Istre* (Pula), 11 December 1991.

3. Archive of the (former) Croatian Funds for Privatization (HFP), 'Uljanik Brodogradilište Strateški Plan, 1991–1996'. Transl. from the English original 'Uljanik Shipyard Strategic Plan for 1991–1996', PriceWaterhouse/IKO, May 1991. The successor institution of the former privatisation funds provided the researchers with a DVD with copies of relevant documents. They do not have inventory numbers.

is, building ships – the objectives of this endeavour were to shift from providing social goods to earning money for shareholders. The framework conditions, though, were not supportive of ‘restructuring’, as political and economic turmoil reigned: in June 1991, Croatia declared independence and became engulfed in war until 1995. The economy collapsed after the end of socialism; it took several years to re-establish macroeconomic stability and to introduce a new currency, the kuna.<sup>4</sup>

Over that time, managers and workers at the shipyard faced a set of very diverse, even partially contradictory expectations. The overall ideological framework fundamentally had changed – ‘market’ and ‘private business’ were the newly dominant catchwords. This required interest groups to reformulate their claims so that they made sense under the new conditions. At the same time, local policy makers, workers and the public expected employment and social goods from the enterprise, and they wanted to continue to be proud of their large ship launching ceremonies (*porinuće*), always a festive affair in the city. In this paper we will argue that the language of ‘transformation’ (*transformacija*) provided a useful trope to articulate a diverse set of ideas, claims and agendas, in response to external expectations that shipyard practices had to thoroughly change. Yet at the same time, local stakeholders proved able to keep the substance of the enterprise’s operations as familiar as possible, despite substantial shifts in its form. We argue that these strategies built on adaptation patterns that the shipyard pursued relating to the wide-ranging constitutional changes in 1970s Yugoslavia. The shipyard even tried to bypass certain EU demands with the mimicry of transformation, when Croatia was forced to comply with European competition rules upon its accession to the EU. Managers and workers had learnt to convey a pretence of transformation while at the same time finding ways to align local agendas with the ruling ideologies coming out of Belgrade, Zagreb, or Brussels. While certain institutional forms and modes of operating did not significantly change, macro-conditions and constraints did, resulting in a ‘disinvestment’ in workers and, owing to the new conditions of insecurity, an intensification of certain dynamics, such as cronyism, that were also present during late socialism.

Here, then, is a story of transformation and inertia in one of the Adriatic’s leading and oldest shipyards.<sup>5</sup> It is also a story of muddling through during a time of constant political transformation and often challenging conditions on the world market for ships, for which Uljanik produced from the 1960s onwards. ‘Muddling through’ permitted many practices to remain very similar under radically different circumstances. It was based on alternative frameworks used to judge the success and failure of a business, rather than on the numbers at the end of Uljanik’s balance sheet. Workers continue to frame success in peculiar ways. Yet this strategy came at a cost: at the time of writing (January 2019), the shipyard has been out of money for months, unable to pay its workers, has had contracts cancelled and has been deserted by half of its workforce. It seems that this venerable shipyard, founded in 1856 by the Austrians as part of their transformation of Pula into the main military harbour of the Habsburg Monarchy, may have spent its last, seventh life.

4. The Croatian kuna was introduced in 1994.

5. The methods drawn on include historical archival research, interview material conducted with workers and former workers over the period from 2016–2018, and ethnographic observations during the period of announced ‘restructuring’.

## Socialist-period transformations

'Transformation' (*transformacija*) was not a new word for Yugoslavia and its successor states when they embarked on the rocky road towards capitalism. On the contrary, it was a firmly entrenched concept linked to the far-reaching constitutional changes of 1974. This association also gave *transformacija* a not necessarily positive tang: the decentralizing Constitution of 1974 was later widely seen as one of the reasons why Yugoslavia broke up. Analysts also pointed to its economic shortcomings because it had initiated such a complicated system of self-management that nobody exactly knew anymore how the system actually worked.<sup>6</sup>

For Uljanik, and other enterprises in Yugoslavia, the 1974 Constitution and the subsequent Law on Associated Labour (1976) acted as a watershed. The Constitution was the longest in the world, indicating its complexity and ambition. The 1976 Law also ran to 671 articles.<sup>7</sup> Combined, these legal changes fundamentally transformed how business was organized. Yugoslavia entered a new phase of intensified self-management, which was introduced on all levels of society. Enterprises as legal entities were dissolved, and the new Constitution did not even mention the word 'enterprise' (*poduzeće/preduzeće*). Instead, production (and administrative tasks) were taken over by so-called Basic Organizations of Associated Labour (Serbo-Croatian abbreviation OOUR). In 1978, there were about 19,000 such OOURs in Yugoslavia. These interacted not according to market principles, but by concluding so-called 'Self-Management Compacts'. For coordination, they could form 'Work Organizations' (RO) and on a higher level 'Complex Organizations of Associated Labour' (SOUR). But by law, the important decisions had to be taken on the lowest level of organization, that is, the workers' councils at the OOUR.

Uljanik was now 'transformed' into five ROs, organized around the main economic activities of the shipyard (such as shipbuilding, engine construction and equipment), each of which was constituted of several OOURs. In total, there were 11 (later 12) OOURs, all with their own workers' councils, boards and directors. The whole enterprise now worked on the principle of 'coordinated decentralization'. For that purpose, in 1975, the workers' councils of the 11 OOURs that made up Uljanik established the 'Complex Organization of Labour "Uljanik"' (SOUR 'Uljanik'), which was supposed to be the coordinating unit between them.<sup>8</sup> The business association 'Jadranbrod', in which the major Yugoslav shipyards participated and which was supposed to coordinate the industry and represent its interests, also 'transformed' and became self-managed.<sup>9</sup>

Publicly, the director of Uljanik, Karlo Bilić, spoke of 'the great advantages produced by the constitutional transformation of the collective'.<sup>10</sup> The reorganization also

6. Carl-Ulrik Schierup, *Migration, Socialism and the International Division of Labour* (Aldershot, 1990); Marie-Janine Calic, 'The Beginning of the End – The 1970s as a Historical Turning Point in Yugoslavia', in Marie-Janine Calic, Dietmar Neutatz and Julia Obertreis, eds., *The Crisis of Socialist Modernity. The Soviet Union and Yugoslavia in the 1970s* (Göttingen, 2011), 66–86.

7. John Lampe, *Yugoslavia as History. Twice There Was a Country* (Cambridge, 1996), 310.

8. 'Uspjesi na svim poljima. 'Uljanik' u 1974. godini', *Brodograditelj*, 26 December 1974.

9. 'Transformacija, Jadranbroda' koristi svima', *Brodograditelj*, 3 December 1974.

10. 'Uljanik u potrazi za poslom', *Glas Istre* (Pula), 24–25 December 1976.

provided manifold opportunities for the League of Communists and the trade union to re-assert their importance in the shipyard, whereas they had been largely marginalized in the years before. Uljanik's communists promised to promote the 'further transformation' of Uljanik on the basis of the Constitution.<sup>11</sup> The trade union stressed that it was 'directly included in the important activity of the transformation of Jadranbrod and Uljanik, and through that, in the further establishment of OOURs'.<sup>12</sup> In the eyes of the Constitution's authors, workers' self-management gained a new quality – but what this transformation would mean for doing business remained to be seen. The company newspaper, *Uljanik*, for example, often vaguely spoke of 'further' transformation without making clear what that would entail.

What soon became clear was the detrimental effect on the organization of the shipyard's work, which depended on the smooth integration of different, complex tasks. The new rules increased transaction costs and led, as a leading newspaper put it, to 'insufficient' and 'un-synchronized' cooperation.<sup>13</sup> For Uljanik, and other Yugoslav shipbuilders, such a major organizational transformation could not have come at a worse time: these were the years when global demand for new ships was in free fall following the oil price shock of 1973. In 1976, the worldwide annual volume of new orders was 46 per cent of the 1974 level.<sup>14</sup> Between 1978 and 1991, world output was less than half of the 1974 level and did not grow consistently until 1989–90.<sup>15</sup> Many customers cancelled orders, even though they had to pay high penalties, or refused to accept deliveries. The second oil price shock of 1979–80 reduced demand for new ships once again.

Yugoslavia's shipbuilding was hard hit – in the preceding years it had turned almost exclusively to exports, with the highest export share among all major shipbuilding nations at that time (up to 100 per cent between 1969 and 1978). Now, new orders sank from 2 million dwt in 1973 to 236,000 in 1978. Uljanik, which only built for exports, saw its markets drying up. In the late 1960s it had begun to build large tankers of up to 265,000 dwt, which now proved to be totally obsolete (and had always brought losses anyway). From 1975, there is a long paper trail in the archive of the Executive Council of the Parliament (*Sabor*) of the Socialist Republic of Croatia showing near constant, and increasingly desperate, efforts to find a solution for Yugoslav shipbuilding.<sup>16</sup> Shipbuilders asked for cheaper credit and higher export subsidies, claiming that other countries supported their industry much more (and omitting the inconvenient fact that government help in Europe and Japan came with the substantial downsizing of capacity).

11. 'Savez komunista angažiran u svim značajnim pitanjima u kolektivu', *Uljanik*, No. 1 (January 1976), 4.

12. 'Sindikata u duhu Ustava', *Uljanik*, No. 1 (January 1976), 8.

13. 'Pucaju zidovi koji su zaklanjali vidike', *Novi list* (Rijeka), 18–19 October 1980; 'Teškoće savladati vastitim snagama', *Novi list*, 13 November 1980.

14. Hugh Murphy, 'Appendix 1: The Effects of the Oil Price Shocks on Shipbuilding in the 1970s', in Raquel Varela, Hugh Murphy, and Marcel van der Linden, eds., *Shipbuilding and Ship Repair Workers Around the World. Case Studies 1950–2010* (Amsterdam, 2017), 665–673; at 667.

15. Anthony Slaven, *British Shipbuilding 1500–2010. A History* (Lancaster, 2013), 212.

16. Croatian State Archive, Zagreb [hereafter HDA], Izvršno vijeće sabora (Executive Council of the *Sabor*), f. 280.

Yugoslav non-aligned foreign policies also helped to find new markets, especially in the developing world and the Soviet Union. Yet trade with the Soviets came with a major disadvantage: they did not pay in hard currency, but pursued either clearing trade, or bartered. In both cases, Uljanik would eventually earn only Yugoslav dinars, but they had to purchase a lot of equipment for these orders with hard currency from Western suppliers. While orders from the Soviet Union helped to keep the shipyard's capacity busy and its workers employed, they did not result in profits, which Yugoslav enterprises were actually supposed to earn. Business with developing countries was not easy either, as they often paid in kind (or not at all), such as bananas from Ecuador and cotton from Sudan, which hardly helped the difficult financing of newly built ships. The government, however, made it clear that these deals should go forward for political reasons.

As a result, from the late 1970s, Uljanik was in almost constant financial distress. It and the other shipyards repeatedly asked the government for emergency support because they ran out of money and could neither pay suppliers nor workers. When, for example, a Sudanese shipping line failed to pay Uljanik for three ships at the end of the 1970s, the shipyard became illiquid and had its bank account blocked for months in 1980. The obvious 'solution' would be to reorient shipbuilding towards the domestic market. For that purpose, government, shipbuilders and shipping lines signed an agreement in June 1976, in the Slovenian coastal town of Piran. The Piran Agreement turned into a quixotic effort, as only a tiny fraction of the envisioned ships for domestic purchasers were built. The problem was that the banks refused to cover the 30–35 per cent price difference between Yugoslav ships and those commissioned abroad. Yugoslav shipbuilding struggled, for example, with overpriced domestic inputs that the government forced them to purchase.<sup>17</sup>

So, Uljanik continued to build ships mainly for export. Its representatives used their export prowess as one of their main arguments vis-à-vis the government in their search for help. Shipbuilding was the most export-oriented sector of Yugoslavia's industry and earned much needed hard currency, so the argument went.<sup>18</sup> They described shipbuilding as the final producers (*finalizator*) at the end of a long supply chain, which used the supplies of many other Yugoslav producers, and in so doing, helping them to export as well. The reference to US dollars earned abroad became totemistic because often prices were lower than production costs at a time when shipbuilding was a buyer's market. Disregarding this fact, Yugoslav shipbuilders continued to expand capacity and briefly climbed to third place in newly ordered tonnage worldwide (around six per cent) at the end of 1986.<sup>19</sup> Capacity expansion became another good argument with which to pressure the government. In 1987, when Uljanik's bank accounts were frozen once again, the management pointed out that more than 8,000 employees depended on the shipyard, as well as '6,000 sub-contractors (*kooperanti*) and at least as many employees in social

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17. Michael Palairat, 'Croatian Shipbuilding in Crisis. 1979–1995', in Srećko Goić, ed., *Enterprise in Transition. Preceedings. Fourth International Conference on Enterprise in Transition, Split-Hvar, May 24–26, 2001* (Split, 2001), CD-Rom, 758–818.

18. 'Brodogradnja inzistira na sistemskim izmjenama', *Glas Istre* (Pula), 10 July 1975.

19. 'Godina iskušenja', *Brodogradnje*, 35, No. 1 (1987), 5.

services' in Pula that received substantial funds from the shipyard.<sup>20</sup> As Uljanik's then director succinctly noted, socialism did not know how to dissolve large systems.<sup>21</sup>

However, even under conditions of 'soft budgetary constraints' (*pace* János Kornai), entailing that the state would ultimately always bail out a failing company, survival did not come automatically. In Yugoslavia there were enterprises that went out of business during socialism. Furthermore, Uljanik still had to build and sell ships, and these ships should not sink – actually, the shipyard was known for producing good quality, purpose built ships. Apart from the government's willingness to inject money, another reason for such resilience was the management's decisions. It performed a mimicry of self-management 'transformation' while operating as an enterprise. The difficult international market environment also provided them with justifications to bend official rules.

In 1978, one could read in the enterprise magazine that 'the constitutional transformation is still in progress'.<sup>22</sup> In July 1980, the SOUR 'Uljanik', gained a new director, Karlo Radolović, previously deputy director and an able manager. Radolović re-established a strong, decision-making role for the SOUR and reduced the autonomy of the OOURs.<sup>23</sup> He decided that it was only up to the SOUR to negotiate new contracts for ships, and that there should be only one provisioning department. If an OOUR did not want to join the contract, the SOUR would seek an alternative provider of the same service on the market (which were usually even cheaper). Under this threat, the Basic Organizations of Associated Labour at the shipyard always fell in line. They knew that there were no alternative customers for their products and services but their parent organization. Decision making was clearly concentrated in the executive board of the SOUR (*poslovni odbor*) and the management dominated the workers' council. The number of meetings of workers' labour councils was reduced as well. The director even managed to impose overtime and cancelled vacations for the completion of orders for the Soviets without significant protests from the trade union or workers' councils. With such a streamlined organization, Uljanik managed to build on average six ships per year in the 1980s and to increase its annual export earnings to 200 million USD.<sup>24</sup> But they also continued to lose money.

Another survival strategy was the shipyard's insistence on evaluating its performance in terms of its contribution to the well-being of its workers and the larger community and not 'only' in terms of profits. In the second half of the 1970s, for example, Uljanik paid substantial contributions to 16 different public welfare organizations, ranging from pension and health coverage, sports and education, to voluntary fire fighters and the reconstruction of local roads.<sup>25</sup> The shipyard also provided vital infrastructure for social life in

20. 'Blokirani navozi', *Glas Istre*, 29 October 1987.

21. 'Prenosimo' [Interview with Karlo Radolović in the magazine *Start*, 31 May 1986], *Brodogradnje*, 34, No. 3 (1986), 178.

22. 'U »Uljaniku« je tek oko svaki drugi radnik nagrađen prema stvarno izvršenom radu', *Uljanik*, No. 24 (May 1978), 5.

23. See Palairt, 'Croatian Shipbuilding in Crisis. 1979–1995', 777.

24. 'Prenosimo', *Brodogradnje*, 178–9.

25. 'Koliko odvajamo za SIZ-ove. Materijal za raspravu na zborovima', *Uljanik*, No. 6 (June 1976), 4.



the City of Pula, such as sports clubs and sport facilities, a punk and rock club, a pensioners' club, and so forth. Not least, it owned more than 2,700 apartments, many of them in houses built by 'Uljanik Standard'.

The performance of a 'socialist enterprise', hence, has to be evaluated against the backdrop of the political and public expectations. While the state wanted the enterprise to earn money, the local government and public were more interested in its welfare function. This, of course, weighed heavily on the balance sheet of the enterprise but provided the management with immense social and political capital. Uljanik made itself indispensable for Pula, which in turn motivated local policy makers to vigorously lobby for their 'giant' as the single most important employer in the city was often called. At the beginning of 1979, when Uljanik suffered from illiquidity, the Municipal Council of Pula sent a dispatch to the government of Croatia:

The difficult situation of 'Uljanik' (50% of the proceeds of the municipality) heavily reflects on the situation of the whole economy and also the non-economic life and situation of our community. We expect a swift resolution of this problem with the objective to improve the conditions for the activity of the shipbuilding enterprise 'Uljanik' and shipbuilding as a whole, which is an important export industry.<sup>26</sup>

The government and public accepted that shipbuilding was of 'vital interest for the whole country', as an official report declared in 1983.<sup>27</sup> This line of argument would prove persistent, as it also turned out to be useful after 1990, when communist rule ended. The welfare functions and Uljanik's prideful success on world markets were regularly employed by the management and the workers to insist on concessions from the government, which ultimately meant taxpayer's money.

## Pretending to become private

'Transformation' again became a much used catchword at the end of the 1980s. This time it denoted the reorganisation of the shipyard and the change of ownership, in line with the overall switch from a socialist economy to a capitalist market economy. In March 1989, the new Law on Enterprises re-introduced the term 'enterprise' (*poduzeće*) into Yugoslavia's legal system. In July 1989, the by then eight ROs constituting Uljanik agreed to form one 'Complex Firm' (holding), thus also formally re-centralising decision-making and ownership.<sup>28</sup> Uljanik was on the road to becoming a 'normal' enterprise. At that moment, it employed 8,124 workers.<sup>29</sup>

In public and within the firm, one of the main questions was the future form of ownership. Uljanik was again a firm but still social property, that is, self-managed and without

26. HDA, Izvršno vijeće sabora, f. 280, kut. 161, br. 7., 9 January 1979.

27. HDA, Izvršno vijeće sabora, f. 280, kut. 263, br. 1181, September 1983.

28. Uljanik Company Archive (Pula), Poslovodni Odbor, 1989, 3; Uljanik: Archive of the Croatian Funds for Privatization, Elaborat, br. H001-BR/DV-15/92, 21 February 1992.

29. Archive of the Croatian Funds for Privatization, Elaborat, 'Izvjješće o obavljenoj reviziji pretvorbe i privatizacije', July 2004.

clear owners. In 1990, the local newspaper regularly reported on the ‘transformation’ of ownership, as social ownership in principle had entailed ownership by ‘nobody’, and the enterprise should therefore be transformed into shareholders’ associations.<sup>30</sup> Another article on ‘transformation’ was entitled ‘Nobody’s Must Become Somebody’s’ (*Ničije mora postati nečije*).<sup>31</sup> Hence, in public discourse *transformacija* became closely linked with the question of ownership. The fact that the future economic order would be market oriented did not provoke any debate at all. Within Uljanik they stated that they had already embraced the international market and competitiveness since the mid-1950s.

The director of Uljanik seized the opportunity to appropriate the reform talk: ‘We at Uljanik can be glad about the high degree of viability of our program’; the ‘newest transformation will open up great opportunities and challenges for the comprehensive development of our firms and for new activities for which all possible forms of ownership shall be exploited’.<sup>32</sup> On the same occasion, the 134th anniversary of the shipyard, the mayor of Pula called the shipyard the ‘business card’ of every citizen of Pula and Istria in the whole world. He stressed that the old saying, ‘if Uljanik is doing good, Pula is good, and if Uljanik is bad, Pula is bad’ was still true but, on a sour note, he also complained that shipbuilding ‘was never appreciated enough and systematically integrated into the development strategy of our country’.<sup>33</sup> Therefore, if there were problems, the government was to be blamed.

The transformation of ownership would become a long-term project in which there was a lot of room for performing reforms while retaining ‘old’ substance. This especially meant privatisation, which became the official goal of economic policy making as early as under the last Yugoslav government of prime minister Ante Marković. It gained even more urgency when the conservative Croatian Democratic Union (HDZ) came to power in Croatia in 1990. Their ‘general aim was privatisation’, as the director of the Agency for Restructuring and Development pointed out in an interview to *Glas Istre*.<sup>34</sup> At that time, economists and policy makers agreed that the state should privatise enterprises sooner rather than later, as manifest in the 1991 privatisation law.<sup>35</sup>

The concrete mode of privatisation, though, was contested ‘between advocates of a voucher-based mass privatization (similar to the Czech model) and proponents of case-by-case sales to investors (as undertaken in Hungary)’.<sup>36</sup> President Tuđman appeared to prefer the second model because he saw this as an opportunity to sell off property to investors close to his party, the HDZ. He was a proponent of ‘national capitalism’, that is the economy not being controlled by foreign interests. The moment was unsuitable for a

30. ‘Društveno vlasništvo treba transformirati u mješovito. Kolektivnim vlasništvo u “novi socijalizam”’, *Glas Istre* (Pula), 2 March 1990.

31. *Glas Istre* (Pula), 10 May 1990.

32. ‘Jubilei “Uljanika”. Pretpostavke novog razvoja’, *Glas Istre* (Pula), 9 December 1990.

33. ‘Jubilei “Uljanika”. Pretpostavke novog razvoja’, *Glas Istre* (Pula), 9 December 1990.

34. ‘Hrvatska nije na bubnju’, *Glas Istre* (Pula), 1 August 1992.

35. ‘Zakon o pretvorbi društvenih poduzeća’, *Narodne novine* (Zagreb), 23 April 1991.

36. Elizabeth Barrett, ‘The Role of Informal Networks in the Privatisation Process in Croatia’, in David Lane, Jochen Tholen, and György Lengyel, eds., *Restructuring of the Economic Elites After State Socialism. Recruitment, Institutions and Attitudes* (Stuttgart, 2007), 211–40; at 224.

systematic privatisation anyway: Croatia not only plunged into a deep recession after the dissolution of Yugoslavia, but also into a war that only ended in August 1995. The inconsistent economic policies of president Tudman and the crony capitalism that emerged under his watch did little to attract foreign investors. Under the 1991 privatisation law, the government also retained much discretion. Its privatisation agency could reject the privatisation plans of companies and force them into state ownership.<sup>37</sup>

The ambiguity of privatisation had already been conditioned by the fact that, as a first step, the state had actually nationalised most enterprises: in 1991–2, social ownership was transferred to state ownership, with the purported goal of privatisation; for that to happen, clear ownership titles first had to be established. Uljanik's workers' council decided to dissolve itself on 30 October 1991, and asked the government for Uljanik to be transformed into a joint stock company.<sup>38</sup> On 4 April 1992, the Croatian government, through its Agency for Restructuring and Development, approved the shipyard's request. Uljanik became a joint stock company, with nominal shares amounting to almost 15 billion Croatian dinars (134 million USD). Some 2.2 billion dinars of the joint stock was made up of a government subsidy for restructuring.<sup>39</sup>

Uljanik also pretended to become private. A *Glas Istre* article on the occasion of the shipyard's 135th anniversary exclaimed 'Shareholders instead of Self-Managers'.<sup>40</sup> Indeed, roughly 40 per cent of the shares had been given to almost 6,900 small shareholders, mainly workers and pensioners, who enjoyed a discount. The other shares went to the Croatian Fund for Development, later called the Agency for Privatization (45 per cent) and the state controlled pension and disability funds of workers and farmers.<sup>41</sup> What followed proved the quoted citizen from the opening page right: the small shareholders would suffer years of agony. Because of the shipyard's constant losses, they did not receive any dividends and could not sell their shares to other private buyers. Most small shareholders (6,800) had bought their shares on credit, so they faced years of paying back the purchase price in instalments. They also failed to receive proper representation on the company's board. Some of these small shareholders sued the government, while others established an association to represent their interests.<sup>42</sup>

In 1998, when Uljanik faced bankruptcy, their shares became worthless. The Deputy Minister of the Economy, Milan Čuvalo, who oversaw the restructuring of shipbuilding, pitilessly commented on their fate that 'nowhere in the world is the socialization of the risks of the owners of capital accepted'. The small shareholders should have held the management to account earlier, rather than complain now.<sup>43</sup> A *Glas Istre* article on the

37. Barrett, 'The Role of Informal Networks', 229.

38. Archive of the Croatian Funds for Privatization, Elaborat, 'Radnički savjet: Odluka o pretvorbi "Uljanika"', 31 October 1991.

39. Archive of the Croatian Funds for Privatization, Elaborat, 'Rješenje', br. 302-01/91-01/2891, 4 April 1992.

40. 'Obilježena 135. godišnjica osnutka "Uljanika": Dioničari umjesto samoupravljaša', *Glas Istre* (Pula), 10 December 1991.

41. 'Dioničari dobivaju ugovore', *Glas Istre* (Pula), 1 September 1992.

42. 'Izgrani mali dioničari', "Uljanika", *Glas Istre* (Pula), 24 March 1998.

43. 'Uljanikove dionice su bezvrijedne', *Glas Istre* (Pula), 18 April 1998.

‘naïve’ small shareholders was tellingly titled ‘The Wolf Ate the Uljanik Donkey’.<sup>44</sup> In the end, the majority of private, small shareholders passed their shares over to the privatisation agency. By 2000, the proportion held by individual shareholders declined to 15 per cent, while that of the privatisation agency increased to 73 per cent.<sup>45</sup> Instead of becoming more private, Uljanik became more state-owned.

In the meantime, the shipyard management under the long-time director Karlo Radolović fought for its survival, which in all but two years of the 1990s lost money. Its short-term debt increased from 761 million kuna in 1993 to 3.4 billion in 1999, when the shipyard was technically insolvent.<sup>46</sup> Since the 1980s there had hardly been any new investment in technology and machinery, thereby leading to frequent delays in delivery, resulting in penalty payments. No private investor was forthcoming; Uljanik’s survival depended on the government, which repeatedly injected money. On a couple of occasions during the 1990s, Uljanik’s bank accounts were frozen because of outstanding debts. Sometimes the state utility provider stopped the delivery of electricity, and hospitals refused to treat Uljanik workers because the shipyard had not paid its bills. There were at least eight strikes between 1992 and 1997 because of wage arrears and low salaries – each of which resulted in the immediate payment of wages or their increase. The director’s main strategy, therefore, was to keep the government happy. In a 1992 interview, he boasted that:

If we speak about shipbuilding and the relations of politics towards it, I want to mention that I am happy that I could speak several times with president Tuđman and the prime minister. So, I think that all our policy makers, and especially those of economic policy, understand the significance of Croatian shipbuilding and its trade mark in the world.<sup>47</sup>

Radolović knew which arguments to make to the government. He highlighted the importance of shipbuilding for the economy of Croatia and especially its export earnings, and stressed that it had the potential to employ demobilized soldiers after the end of the war. Radolović even joined the HDZ and in 1998 was elected into the city government of Pula (despite his famous aversion against speaking in public). He also built on widespread support among the public in Croatia for the maintenance of shipbuilding. The reporting by *Glas Istre* indicates that public opinion was convinced of the strategic value and future potential of shipbuilding, viewed as one of the few internationally recognized trademark industries of Croatia. At the same time, certain ‘restructuring’ measures were implemented as well; the workforce was cut from almost 6,000 in 1993 to 3,316 by 1998.<sup>48</sup> Uljanik also successfully employed Croatia’s foreign policy in order to open up

44. ‘Vuk pojeo Uljanikovo magare’, *Glas Istre* (Pula), 25 April 1998.

45. Archive of the Croatian Funds for Privatization, Elaborat, ‘Izvešće o obavljenoj reviziji pretvorbe i privatizacije’, July 2004.

46. Archive of the Croatian Funds for Privatization, Elaborat, ‘Izvešće o obavljenoj reviziji pretvorbe i privatizacije’, Table 9.

47. ‘Hrvatska brodogradnja danas. Razgovor s Karlom Radolovićem predsjednikom *Uljanika*’, *Brodogradnje*, 40, Nos. 3–4 (1992), 105.

48. Archive of the Croatian Funds for Privatization, Elaborat, ‘Izvešće o obavljenoj reviziji pretvorbe i privatizacije’, Table 9.

to new markets, for example in Turkmenistan, for which Uljanik began to build specialist ferry boats and carriers for the Caspian Sea.

Therefore, thanks to continuous state support, a capable management, and resourceful workers, Uljanik managed to survive the difficult years, recording a profit in 1999 once again, and soon officially leaving state-ordered *sanacija* (recovery measures). At the same time, the enterprise remained majority state-owned. By the mid-2000s, state-owned funds or state controlled entities held about 88 per cent of the shares; some belonged to utility providers and local self-governing bodies, whose receivables towards Uljanik had been transformed into shares.<sup>49</sup> The sale of Uljanik-owned apartments to their owners also helped to reduce debts. The order books were full again, so pressure to further 'transform' ceased and privatisation was off the agenda – despite the government's rhetoric to the contrary.<sup>50</sup> Uljanik took pride in being the only profitable large Croatian shipyard, quietly overlooking the fact that state subsidies made up at least 10 per cent of the contract price of each delivered ship.<sup>51</sup>

## Enter the EU

Privatization and renewed transformation surfaced once again when Croatia negotiated for membership of the European Union. The EU made it clear that the ownership structure of the shipyards at that time, and their dependency on state aid, violated EU competition rules; it also contravened the EU's strategy for the consolidation and increase in competitiveness of the sector.<sup>52</sup> Shipbuilding was significant for the Croatian economy, employing 2.5 per cent of workers and producing 12–15 per cent of Croatia's exports.<sup>53</sup> At the same time, it received hundreds of millions of Croatian kunas of state support every year, which is why the European Commission made an important issue of it. Hölscher et al highlight that:

During Croatia's EU accession negotiations, the shipbuilding industry has been the most critical subject in the negotiation chapters on competition and state aid policy. Therefore, the Commission required that Croatian shipyards needed to be restructured, privatized, and the subsidies to be phased out by the date of accession, 1 July 2013. Otherwise, the Commission would order recovery of all aid paid out ever since 2006.<sup>54</sup>

Since Uljanik presented itself as a successful enterprise, and the government agreed with this standpoint, they managed to convince the European Commission that it could be

49. Archive of the Croatian Funds for Privatization, Elaborat, 'Izvrješće o obavljenoj reviziji pretvorbe i privatizacije', Table 'Vlasnička struktura na dan 31.3.2004'.

50. Archive of the Croatian Funds for Privatization, Elaborat, 'Predmet: Uljanik d.d., Pula', br. 563-01-01/02-2009-4, 9 July 2009.

51. Yoji Koyama, 'Croatia's EU Accession and Challenges Ahead,' *Journal of Comparative Economic Studies*, 9 (2014), 166–7.

52. Koyama, 'Croatia's EU Accession', 166.

53. Željka Tutić, *The EU State Aid Rules: The Case of Croatia* (Budapest, 2011), 24.

54. Jens Hölscher, Nicole Nulsch and Johannes Stephan, 'Ten Years after Accession: State Aid in Eastern Europe', *European State Aid Law Quarterly*, 13, No. 2 (2014), 314.

spared another round of restructuring. Uljanik even bought its long-term competitor in Rijeka, the 3rd of May shipyard, for the symbolic price of one Croatian kuna in 2013. Uljanik itself promised to become private. Selling the shipyard to an investor was opposed by workers and trade unions who feared a loss of jobs. Hence, 20 years after the nationalization of the enterprise, Uljanik's workers suddenly became its main shareholder: with the government's approval in July 1992, more than 1.5 million shares were sold with a 20 per cent discount to almost 7,200 individuals, most of whom were (former) employees of the shipyard. They now earned 46 per cent of the joint stock, constituting the largest single bloc of shareholders. Most of the other shares were held by state pension funds, commercial banks and insurance companies, thus businesses closely related to the government. The government declared, 'We successfully accomplished the privatization of the Uljanik shipyard'.<sup>55</sup> The European Commission approved it.<sup>56</sup>

Everything seemed fine: workers were now supposed to be the real owners of the shipyard. The order books were filling up nicely again, also because the international crisis in shipbuilding, as world trade declined rapidly in the 2008–9 financial crisis, subsided by the mid-2010s. Uljanik's decision to specialize in custom-fit ships apparently proved correct. In 2013 the Uljanik Group recorded a profit of 103 million kuna (about 15 million euros). After that, it again recorded losses but they seemed manageable. They embarked on some much publicized new projects, such as the first luxury cruise ship for polar cruises. But the respite from transformation proved short-lived: at the end of 2017, the individual shareholders, the government and the public at large were taken by surprise when they learnt that the shipyard faced a dramatic illiquidity problem and had accrued huge debts. The year ended with a loss of 1.8 billion kunas, almost 250 million euros.<sup>57</sup> Since then, Uljanik has been fighting – again – for its life. In the following, final section, drawing on interviews and fieldwork observations,<sup>58</sup> we ask whether workers viewed this recent turn of events as a failure, and if so, in what sense?

## A shipyard in crisis

In mid-January 2018 workers did not receive their monthly wage on time. The shipyard management were 'muddling through' once again, struggling to pay suppliers punctually. They had asked the Croatian government to secure a state guarantee for a 96 million euro loan, which would cover the running costs of the firm while 'restructuring' plans were drawn up and a 'strategic partner' found. Looming strike action was narrowly

55. Radimir Čačić, 'Uspješno smo završili privatizaciju brodogradilišta Uljanik', *tvportal*, <https://www.tvportal.hr/vijesti/clanak/uspjesno-smo-završili-privatizaciju-brodogradilista-uljanik-20120726> (accessed 1 February 2019).

56. European Commission, 'State aid: Commission Approves Changes to Restructuring Plan of Croatian Shipyard 3 Maj', [http://europa.eu/rapid/press-release\\_IP-13-565\\_en.htm](http://europa.eu/rapid/press-release_IP-13-565_en.htm) (accessed 1 February 2019).

57. Uljanik's financial reports are available (in English) at <https://uljanik.hr/en/other-information/financial-reports>.

58. Conducted by Andrew Hodges from March–July 2018.

avoided as the loan was approved by the European Commission.<sup>59</sup> Nevertheless, discontented workers began to organize and protest against the management's handling of the crisis, and later the shipyard management made a dubious choice of strategic partner – a local tycoon named Danko Končar and his company Kermas Energija. Končar is in possession of a concession to develop the northern part of the Bay of Pula into a luxury tourist resort and marina; a fact that many workers viewed as conflicting with the retention of large-scale industry in the centre of Pula. In summer 2018, the interim funds ran out and once again, Uljanik workers went unpaid. On this occasion a full-blown strike took place, both in Pula and at the 3rd May shipyard in Rijeka, part of the same company, with striking workers making demands that the Uljanik management resign, and that the regional authorities and ultimately the Croatian government take responsibility for, and ensure the survival of, the ailing shipyards. Since then, movements have been made in this direction, but the medium-term future of the shipyards remains uncertain.

### Success and failure in workers' narratives

Narratives of 'finding a path' (*snalaziti se*), of pulling through difficulties (*izvući se*) and of surviving (*preživljavanje*) all related to responding to new and unpredictable challenges and difficulties in a manner specific to the local context. The actions taken by the shipyard management may seem irrational from a perspective focused on understanding Uljanik as a profit-maximising firm on a market, but they do make sense if understood as a form of 'political entrepreneurialism'<sup>60</sup> seeking to maintain relations with the workers and with key stakeholders in the state bureaucracy. For instance, individuals who were skilled at football were purportedly offered jobs at Uljanik simply so they would play for the team, as a form of recognition given that the firm's football team (NK Uljanik, seniors) could not pay its players a substantial wage. I also heard stories suggesting that Uljanik had paid for repairs to the ceiling of a city museum.<sup>61</sup>

Such activities were not profit-making, nor were they explicitly publicized in a manner that might be expected had they been completed in a corporate social responsibility paradigm, or as engagements in a humanitarian or charity paradigm. Such tales were related via gossip and rumour rather than on the company websites, helping to create a

59. European Commission, 'State Aid: Commission Clears Rescue Aid for Croatian Shipbuilder Uljanik', [http://europa.eu/rapid/press-release\\_IP-18-391\\_en.htm](http://europa.eu/rapid/press-release_IP-18-391_en.htm) (last accessed 5 September 2018).

60. This relates to a large literature on political and social relations, and 'clientelism'. In the context of entrepreneurialism see: Gil Eyal, Iván Széleányi, Eleanor Townsley, eds., *Making Capitalism Without Capitalists: Class Formation and Elite Struggles in Post-Communist Central Europe* (London, 1998). For key work on 'political connections', see Alena Ledeneva, 'Open Secrets and Knowing Smiles', *East European Politics & Societies*, 25, No. 4 (2011), 720–36; Caroline Humphrey, 'Favors and "Normal Heroes": The Case of Postsocialist Higher Education', *HAU: Journal of Ethnographic Theory*, 2, No. 2 (2012), 22–41; Čarna Brković, *Managing Ambiguity: How Clientelism, Citizenship, and Power Shape Personhood* (New York, 2017).

61. This section deals with ethnographic observations and so the first person singular is used to denote author two.

good impression of the firm among the local population along more personalized lines, therein presenting the firm as part of the net of social relations in Pula. The shipyard was part and parcel of the city life and social collective, rather than an external entity to which residents related, and which had its own reputation separate from that of the city. There was an imprinting of the firm on many non-work aspects of city life, through its public presence in the city, and through the various leisure activities. This, coupled with Yugoslav self-management, likely led to a deep identification with the firm ('we *Uljanikovci*'), rather than positioning it as a 'they' in which they perceive themselves as being in some kind of economic relationship and a social contract. The question of whether this identification was a form of fetishism, viewing the company as an animate being, or whether it was understood as a series of social relationships in which workers collectively participated is an interesting one. One interlocutor described Uljanik as 'one of the last oases of socialism' before emphasizing how the growth of tourism was negatively affecting the city, and voicing her view that the imminent restructuring would bring a final end to this oasis.

Pula residents' metaphor for understanding Uljanik as an entity that 'fed the city' (*hrani grad*) suggests the importance of support and provision for workers' needs as key to understandings of success. Many people stressed how practically every household in Pula had some kind of connection with Uljanik, and the importance of provision in understandings of success was also present in narratives of basic worker expectations, such as wages arriving on time:

Were Uljanik workers proud of being 'Uljanikovci'?

Yes. They were proud of being Uljanikovci

More than in other companies? What do you think?

More because we never went home without a wage. The wages were always received. (FN)<sup>62</sup>

This is particularly relevant given that, especially during periods of crisis, a significant number of firms in Croatia did not pay workers their wages for several months in a row. Wage arrears were almost certainly a problem during the late 1980s and the war period as well.<sup>63</sup> From a worker perspective, I suggest that success could not be equated with successful business performance on the market. However, in periods when the firm was doing well and workers experienced the fruits of this, this would have compounded a sense of success as long as it was not perceived as being at their expense. A keen eye was kept on the behaviour of those at the top, with one worker describing how the manager Radolović was clever in driving an old car, in contrast to one of the union representatives who drove a Mercedes.

62. Croatian: *Da li su radnici u Uljaniku bili ponosni da su Uljanikovci?* Jesu. Ponosni su bili na to da rade u Uljaniku. *Više nego u drugim firmama ili što mislite?* Više zato što nismo nikad došli doma bez plaće. Uvijek se plaća dobivala. (FN)

63. This came up in interviews and a third member of our project team, Peter Wegenschimmel, will in future publish texts on the shipyard during the 1980s.



Critiques abounded of certain management and political figures as having become increasingly distant from the workers in recent years, bound up in wider crony capitalist networks of corruption in Croatia. During the ‘restructuring’ period, potential links between the management and the regional political party, the IDS (Istrian Democratic Assembly) were rumoured with fears that such links entailed the compulsory downsizing of the firm and especially of the Arsenal section (located by Pula city centre on the coast), with its repurposing for tourism. When respected, as Radolović was, managers were viewed as having risen through the ranks on the basis of experience. When critiqued, their political connections and ostentatious purchases were emphasized. For example, during the August 2018 workers’ strikes, the CEO’s villa was placed under police protection,<sup>64</sup> amidst fears and even threats by some workers that they would cause problems there.

Finally, as mentioned earlier, the narrative of Uljanik as a ‘world recognized brand’ was also present, and that Uljanik was favoured by the Croatian government over other industries. Wages had always been relatively high compared to other local industries, such as the textile industry, where more women worked.<sup>65</sup> The fact that the company brought in foreign currency was deemed important, especially during the socialist period. The feeling that workers during mid-late twentieth century Yugoslav socialism were participating in something that was important and meaningful on a world stage, most clearly materialized in the celebrations that accompanied the *porinuće* (launching of a ship following its completion). These celebrations also contributed to feelings of meaningfulness and success. In addition, the specific technical expertise of the workforce was a particular source of pride:

We are somewhat proud of those young people who are now managing Uljanik, they nevertheless descended from us. And they are engineers, experts, who are the children of our children. And I believe they are working very cleverly for Uljanik. (FN)

Uljanik is generally well-known for its expertise. They have extremely good experts – not only now, but good experts for many years running. All the kinds of ships built in the world have been built at Uljanik and can be built there even today. All the kinds which are made the world over. (KN, 2)<sup>66</sup>

64. Barbara Ban, ‘Vila razdora’, *Jutarnji vjesti*, <https://www.jutarnji.hr/vijesti/hrvatska/ovo-je-vila-koju-je-celnik-uljanika-dovrsio-u-trenu-kad-se-skver-nasao-pred-slomom-u-spici-sezone-vilu-iznajmljuje-za-5000-eura-tjedno/7759194/> (last accessed 16 January 2019); P. N., ‘Policija patrolira ispred nove vile’, *Novi list*, <http://www.novolist.hr/Vijesti/Hrvatska/Policija-patrolira-ispred-nove-vile-Giannija-Rossande.-Otkriven-iznos-njegove-place-i-bonusa> (last accessed 16 January 2019).

65. See Chiara Bonfiglioli, *Women and Industry in the Balkans. The Rise and Fall of the Yugoslav Textile Sector* (London, 2019).

66. Croatian: *Ponosni smo nekako na te mlade ljude koji sada rukovode Uljanikom, da su ipak potekli od nas. I to su inženjeri, stručnjaci, koji su djeca naše djece. I vjerujte da u Uljaniku jako pametno rade.* (FN)

*Uljanik je inače poznat po stručnosti. Imaju jako dobre stručnjake – ne samo sada, nego niz godina dobre stručnjake. Sve vrste brodova što se u svijetu grade su se gradile u Uljaniku i mogu se i dan danas graditi u Uljaniku. Sve vrste što se u svijetu rade.*

This source of pride formed a particularly strong contrast in Pula with tourism. Jobs in tourism were widely commented on as requiring less high-level and task-specific skills than shipbuilding. While tourism was extremely lucrative for some in Pula, workers highlighted that it was an unstable source of income, subject to travel industry whims and relative consumer power. Furthermore, in two widely circulating tropes, they stated that it would only take an oil spill or a terrorist attack to severely damage tourism income levels for several years.

Finally, within Uljanik, ideas of failure correlated with wider ideas of crisis and of the firm not providing for the workers, and as not functioning as a coherent and healthy whole:

Uljanik began as early as in the eighties to stagnate a little. One time there was only a few materials, so they contracted for a small number of ships, the market pressure was great and the crisis began. Then, a few ships were contracted and so . . . the money was what it was, then one ship would be ordered or some material. And then they would be forced to hurry because the ships had quick deadlines and weak prices – there were crises here. There were quite a few crises during one period. We can say that it really began around '88-'89 – without work even. There was very little work. (KN, 7).<sup>67</sup>

In later years, ideas of failure were connected with themes widely discussed in the post-Yugoslav region, namely with nepotism and political corruption resulting in money being wasted at the shipyard, and tasks not being completed. The disruption of war in the 1990s was also viewed by some as having a substantial negative effect, as some workers left to fight, or alternatively work in countries such as Italy, and there was an interruption in the passing on of technical expertise. Nepotism, where people would employ their friends or kin for positions they may not be qualified for, also contested the narrative of expertise. This was even discussed in an interview with a welder for the news website *index.hr* in the wake of the crisis, who decided a year ago that he wouldn't try hard, and nothing changed.

Some retired, some did this, some did that. . . – but how I see it, the strategic goal was always that production. . . it is one thread that goes on, the question is in what ways. . . as the management changed. But that was always the one guiding light that was crucial and that is why Uljanik always managed to survive, because the main goal was always the production of ships (BC, 4).

## Concluding remarks

We suggest that at the everyday workers' level, the success of the shipyard was embodied in its reliability to provide for workers' needs in a broader social sense than a satisfactory

67. Croatian: *Uljanik je počeo već u 80tim godinama malo stagnirati. Jedno vrijeme je bilo malo materijala, pa se malo ugovaralo brodova, bio je pritisak na tržištu veliki i počela je kriza. Tada, onda bi bilo kad bi se ugovorilo par brodova i tako, . . . novaca je bilo kako je bilo, onda bi se naručio jedan brod ili dva materijala, pa bi se onda to forsiralo na brzinu jer su ti brodovi sa kratkim rokovima i sa slabom cijenom – i tu su bile krize. Dosta kriza je jedno vrijeme bilo. Tako da recimo '88./'89. tamo je počelo baš – bez posla čak. Jako malo posla je bilo.* (KN, 7).

or unsatisfactory pay cheque once a month. The better position of the enterprise compared with many others in the former Yugoslavia, as encoded in the small bonuses, employee benefits and higher wages, and evidence of Uljanik's success in having a 'full order book' was key. For those in middle and higher management positions, the cosmopolitanism of the firm and its global positioning likely related to perceptions of its success; and for the government the provision of employment in Pula combined with Uljanik's recognition on the world market justified continuing support for the ever-struggling shipyard.

These notions of success, and failure, are rooted in the socialist experience: in Yugoslav times, enterprises were supposed to provide welfare, job security, and sociability and to contribute to their community. In the case of Uljanik, success was more often than not expressed in the number of ships produced, the net amount of USD earned abroad, or the size of its contribution to the budget of the City of Pula, rather than the mundane fact of whether the shipyard made profits or not. Like so many other socialist enterprises – and like big capitalist firms during the heydays of Fordism – Uljanik was an octopus whose tentacles reached out into many arenas of social life. Making itself indispensable for the local community was also a form of life insurance.

Octopuses are also masters of camouflage – Uljanik managed to maintain a surprising degree of continuity by pretending to change its form, dependent on changes in the legislative and ideological frameworks. This led to the emergence of the belief that things could stay as they were and that formal adaptation would suffice to meet frequently raised demands for 'transformation'. The long-term unviability of such a strategy had already been highlighted in 1979 by a shipbuilding representative in one of the many negotiations between the government of Croatia and the federal government in Belgrade on the problems of shipbuilding: 'We always search for ad-hoc solutions, in constant danger of the problem persisting and not being solved.'<sup>68</sup>

Bearing in mind the social functions of Uljanik, muddling through seemed the best strategy at hand in order to reconcile fundamentally irreconcilable demands emanating from a transforming political landscape. Uljanik has managed to transpose its understandings of success to very different regimes of political economy, ultimately building on the assumption that the government would consider it too important to let it go bust. It played to nested assumptions in Croatia about the special place of manufacturing in scales of modernity and the priority given to material production in the popular economic value system. In particular, it could build on the widespread notion, eagerly nourished by the shipyard's management and workers, that shipbuilding was an indispensable element of modernity in Istria and Dalmatia. Only today, it seems, the local government, closely connected with powerful business interests, prioritizes other interests, and particularly tourism. The ruling IDS party in Istria now tends to consider Uljanik not a landmark but as a blemish on Pula's cityscape, and as an unwelcome leftover of socialism. They purportedly want to see hotels and yachts in Pula's harbour, instead of the emblematic *dizalice* (cranes) and a half-built, rusting freight carrier for which Uljanik failed to find a new purchaser.

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68. HDA, Izvršno vijeće sabora, f. 280, kut. 174, br. 481, 25 May 1979.

Pressured by workers and the public, the local government in 2018 was once again forced to throw their support behind Uljanik, and the national government came to Uljanik's aid as well, ensuring the enterprise's survival for another year. Yet at the time of writing it becomes more unlikely by the day that the shipyard will see its 170th birthday (2026). Twenty years ago an industry representative, then with pride, declared that Yugoslavia's shipbuilding 'is an integral part of global shipbuilding with which it shares the fate of a common market ruled by the inviolable laws of demand and supply'.<sup>69</sup> At some point, ignoring these 'laws' may become self-defeating. At the moment of submission of this article, a court in the town of Pazin had just decreed to open insolvency proceedings for the Uljanik shipyard.

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### **Author biographies**

Prof. Dr. Ulf Brunnbauer is Academic Director of the Leibniz Institute for East and Southeast European Studies in Regensburg and Professor of the History of Southeast and Eastern Europe at the University of Regensburg. He earned a PhD in History from the University of Graz in 1999 and a Habilitation from the Free University of Berlin. Before moving to Regensburg in 2008, he was Assistant Professor at the Institute of East European Studies at the Free University of Berlin. His main research field is the social history of the Balkans since the 19th century, including the history of migration and of labour.

Dr Andrew Hodges is a social anthropologist who completed undergraduate studies specializing in the history and philosophy of science at the University of Cambridge in 2005, followed by Masters studies (2006–7) and a PhD in social anthropology at the University of Manchester from 2008–2013. He is currently investigating shipyard workers' narratives and everyday experiences of work and leisure in and around a shipyard (Uljanik) in Pula, Croatia and has just published a book researching football fan cultures and activism in Zagreb, Croatia. He is also a qualified legal and academic translator for the Croatian-English language combination.

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69. Ante Bulić, 'Razvojni tok jugoslavenske brodogradnje od početaka do danas,' *Brodogradnje*, 36, Nos. 1–2 (1988), 63.