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## FACTORS INFLUENCING THE ECONOMIC DEVELOPMENT IN SKOPJE BETWEEN THE TWO WORLD WARS

*Abstract.* – Many different factors affect the development of a city's economy. In the period between the two world wars, the economy in Skopje was very specific and was influenced by various factors. The aim of this article is to present the key factors that directly influenced the economic development in the city of Skopje between the two world wars. The structure of the population was one of the factors that had a major role in the economic rise of the city. The population in the city in the interwar period increased by about 20%. Yet, this was not only due to the natural growth of the city, but also largely due to the mechanical influx of people who settled in other towns and villages within the Vardar part of Macedonia, as well as other places and regions of the Kingdom of SCS (Kingdom of Serbs, Croats and Slovenes) / Yugoslavia. Moreover, Skopje had various natural resources aiding the economic and trade development. However, the location and the manner in which these resources were utilized depended on the most important factor which was, of course, the political factor.

*Keywords.* – economy, factors, development, Skopje, the Vardar part of Macedonia, Kingdom of SCS / Yugoslavia.

The economic development of the city of Skopje in the interwar period, both directly and indirectly, was dependant on several important factors that influenced the level of its urban development. The economic development in the period between the two world wars depended on the growth le-

vel itself and to what extent the growth of the city of Skopje had reached, as it was a crucial administrative-political-economic, cultural and transport center for the Vardar part of Macedonia in the region and beyond. The symbiosis of urban and economic transformation of Skopje can be seen through several administrative-territorial divisions which helped change its rank and constantly increased its integration: from being the center of the Skopje district until 1919<sup>1</sup>; then as the center of the Skopje region from 1921 to 1928;<sup>2</sup> and, finally, as the central capital of the Vardar Banovina in the period between 1929–1941.<sup>3</sup> On October 3, 1929, the Law on the Name and Administrative-Territorial Division of the Kingdom into Administrative Areas was promulgated. With this law, the Kingdom of Serbs, Croats and Slovenes was renamed into the Kingdom of Yugoslavia, where a new general administration was introduced and a new administrative-territorial division of the country was carried out. Namely<sup>4</sup>, by this law, the Kingdom of Yugoslavia was divided into 9 banovinas<sup>5</sup> (which replaced the former 33 districts), whereas, at the same time,

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<sup>1</sup> According to the initial administrative-territorial division of the local administration in the Vardar part of Macedonia, it was divided into seven districts: Bitola, Debar, Kumanovo, Skopje, Štip, Tetovo and Tikveš (the district of Kavadarci). Spiro Hadži Ristić (1918–1920) was appointed as the first president of the Skopje municipality. ЦВЕТКОВСКА 2000, 24. [Cvetkovska 2000, 24.]

<sup>2</sup> The next administrative-territorial division was established in the Vidovdan Constitution of June 28, 1921, which stipulated that the administration of the Kingdom of SCS was to be carried out by districts, divisions, counties and municipalities. Thus, the whole state was divided into 33 districts, three of which constituted the Vardar part of Macedonia, namely: the Bitola District, the Bregalnica District and the Skopje District. *Uredba o podeli zemlje na oblasti*. Beograd, 26.4.1922. *Službene novine Kraljevstva SHS*, br. 92, 28.4.1922. Petranović and Zečević 1985, 184–185. [Decree on the Division of the Country into Districts. Belgrade, 26.02.1922. *Official Gazette of the Kingdom of SCS*, no. 92, 28.04.1922. Petranović and Zečević 1985, 184–185.]

<sup>3</sup> ЦВЕТКОВСКА 1998/1999, 58.; *Ibid.*, 61. [Cvetkovska 1998/1999, 58.]

<sup>4</sup> *Ban* is a title used in several states in Central and Southeastern Europe at the beginning of the VII century. It is assumed that the term has its roots in the Persian, Illyrian or Avar languages and means: ruler, prince, chieftain, governor of a region. This is a title that was used when the duty of the ban was introduced as a governor of nine banates (banovinas). The Banovina of Vardar had a total of eleven bans, the first being Ban Živojin Lazić (1929–1932). *Istorija. Enciklopedija, leksikon, mozaik znanja. Interpres*, Beograd, 1970, 64. [History. Encyclopedia, Lexicon, Mosaic of Knowledge. Interpres, Belgrade, 1970, 64.]

<sup>5</sup> The Kingdom of Yugoslavia was divided into nine banates (banovinas), namely: 1) Dravska, with its headquarters in Ljubljana; 2) Savska, based in Zagreb; 3) Vrbaska, based in Banja Luka; 4) Primorska, based in Split; 5) Drinska, based in Sarajevo; 6) Zetska, based in Cetinje; 7) Dunavska, based in Novi Sad; 8) Moravska, based in Niš; and 9) Vardarska, based in Skopje. Ten years later, the number of banates (banovinas) was reduced to

a corresponding number of districts and municipalities was formed (which retained the above-mentioned administrative bodies), while the self-governing bodies were abolished.<sup>6</sup>

Certain indicators specify that at the time, one of the main goals of this new general Yugoslav administrative-territorial division, among others, was to break the compactness of the ethno-national structure of the state. The new communal division was aimed at consolidating and increasing the degree of centralization of the state, as well as providing a successful basis for the expansion of state and national unitarianism, i.e. the so-called *integral Yugoslavism*. Thus, by adopting and implementing the new administrative-territorial division, the regime created assumptions for the introduction of the new Yugoslav unification.

The newly formed Vardar Banovina, with its seat at the city of Skopje, as an administrative-territorial unit in the Kingdom of Yugoslavia, encompassed not only the entire territory of the Vardar part of Macedonia, but also the southeastern part of Serbia and the southeastern part of Kosovo and Metohija, which was a factor that greatly influenced the overall economic development - not only in the city of Skopje, but also beyond.<sup>7</sup> On the other hand, the ruling regime consciously worked to strengthen a very important factor of further development – the trade and economic connection of the places and regions that administratively gravitated to the Vardar Banovina.<sup>8</sup>

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eight, when in 1939, as a result of the Cvetković–Maček Agreement, the complete merger of Sava and Primorska with parts of the Danube, Vrbaska, Drina and Zeta Banovina - the new Banovina of Croatia was formed, with its center in Zagreb. *Istorijska Enciklopedija, leksikon...*, 64. Цветковска 1998/1999, 59–61. [History. Encyclopedia, Lexicon..., 64. Cvetkovska 1998/1999, 59–61.]

<sup>6</sup> The city of Skopje was a separate administrative unit, excluded from the Skopje District. In the periods 1929–1936 and 1939–1941, Eng. arch. Joseph Mihajlović was appointed Mayor of Skopje. Јовановић 2011, 120. [Jovanović 2011, 120.]

<sup>7</sup> The Banovina of Vardar borders on the north with the Banovina of Moravia and Zeta, and on the east, south and west with the international state borders of Bulgaria, Greece and Albania. Its boundaries (with some minor changes) covered a total of 36,672 km<sup>2</sup>. At the same time, it is striking that the Government deliberately linked the Macedonian and Serbian ethnic territories into one administrative unit in order to be able to suppress the national feeling and national maturation of the Macedonian people. *Административно-политичка организација Вардарске Бановине. Алманах Бановина. Вардарска Бановина (у додатку: Врбаска Бановина и Зетска Бановина)*. Београд, 1931, 26–30. [Administrative-Political Organization of the Vardar Banovina. Banovina Almanac. Vardar Banovina (with appendix: Vrbas Banovina and Zeta Banovina). Belgrade, 1931, 26–30.]

<sup>8</sup> The Vardar part of Macedonia was called "Southern Serbia", and parts of the southeastern part of Serbia and one part of Kosovo and Metohija were added. „Живојин Лазик – Бан

The structure of the population in the Vardar Banovina was also a factor that directly influenced the degree of development of the trade and economic life in the city of Skopje. However, it should not be overlooked that during this period in the city of Skopje, the Christian, primarily Orthodox, population was in continuous natural and mechanical growth, in contrast to the Muslim population, which especially after 1925 accelerated the process of emigration to the Republic of Turkey.<sup>9</sup> The findings that there was indeed a steady growth of the Macedonian population are supported by the data from two state censuses of the Kingdom of SCS (Kingdom of Serbs, Croats and Slovenes) / Yugoslavia – the one of January 31, 1921, and the other of March 31, 1931.<sup>10</sup> Comparing the census data, it is clear that the city of Skopje, according to the state census of 1921, had 40,666 inhabitants, and ten years later this number registered an even greater increase, as the total number of censused inhabitants of the city amounted to 68,334, of which the largest part belonged to the Macedonian population.<sup>11</sup>

The number, composition and percentage representation are evidenced by the data from the table below. According to it, by religious affiliation,

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Вардарске Бановине“, Вардарска Бановина. *Алманах Бановина. Вардарска Бановина* (у додатку: *Врбаска Бановина и Зетска Бановина*). Београд, 1931, 23-26. „А. Б. Петровић – началник управног одељења Краљевске банске управе Вардарске Бановине“, *Административно-политичка организација Вардарске Бановине. Алманах Бановина. Вардарска Бановина...*, 27. [“Živojin Lazić - Ban of the Vardar Banovina,” Vardar Banovina. Banovina Almanac. Vardar Banovina (with appendix: Vrbas Banovina and Zeta Banovina). Belgrade, 1931, 23–26. “A. B. Petrović - Head of the Administrative Department of the Royal Banovina Administration of the Vardar Banovina,” Administrative-Political Organization of the Vardar Banovina. Banovina Almanac. Vardar Banovina, Belgrade, 1931, 27.]

<sup>9</sup> *Алманах града Скопља 1918–1928 год.*, Скопље, 1928, 136. [*Almanac of the City of Skopje 1918–1928*, Skopje, 1928, 136.]

<sup>10</sup> From 1913 to 1926, the population was on an upward trajectory. In 1913, the population was 43,331. In 1919, Skopje had 51,758 inhabitants and in 1926 - 69,269 inhabitants. According to the data, the Macedonian population was treated as "Southern Serbs". *Ibidem*.

<sup>11</sup> The total number of inhabitants of the city of Skopje in this period varied and depended not only on the natural birth rate and mortality, but also on the mechanical influx and outflow of the population that moved from the villages to the city, and the outflow is seen in the emigration of Muslims to Turkey. *Дефинитивни резултати пописа становништва од 31 јануара 1921 године*, Сарајево, 1932. *Definitivni rezultati popisa stanovništva od 31 mart 1921 godina*, Knjiga I, Prisutno stanovništvo, broj kuća i domaćinstva, Opšta državna statistika, Državna štamparija, Beograd, 1937. [*Definitive Results of the Population Census of 31 January 1921*. Sarajevo, 1932. *Definitive Results of the Population Census of March 31, 1921*, Book I: Present Population, Number of Houses and Households, General State Statistics, State Printing House, Belgrade, 1937.]

the population of the city of Skopje consisted of Orthodox Christians, as the most numerous, then Muslims, Jews, Catholics and others, respectively.<sup>12</sup>

Belief	Total number	Percentage
Orthodox	32.382	58 %
Muslims	19.307	34.5%
Jewry	2.464	4.4%
Catholic	1.465	2.6%
Protestants	140	0.2%
Greek Catholics	4	
Other	30	
Unknown	6	

From this census data, it is evident that the number of the Macedonian population in the interwar period in the city of Skopje increased by about 20%, which was certainly due not only to the natural growth of the urban population, but also largely to the mechanical influx of population that migrated from the surrounding places and from other towns and villages both within and outside of the interior of the Vardar part of Macedonia. Thus, according to the census of March 31, 1931, as many as 13,289 inhabitants of Skopje or 19.4% of its total population, according to their place of birth, originated outside of the Vardar part of Macedonia; 13,184 inhabitants or 19.3% were from the smaller towns of the Vardar part of Macedonia; and 2,671 inhabitants or 3.9% were foreign citizens. What is also to be taken into account is that from other places and regions of the Kingdom of SCS / Yugoslavia, there was immigration of non-Macedonian settlements in the city of Skopje and beyond. The growth of non-Macedonian settlements in the Vardar part of Macedonia is largely due to the careful colonization carried out by the then Greater Serbian regime in this part of the Kingdom. These were individual immigrants, and often entire families originating from other parts of Yugoslavia. A good portion of them were settled as colonist families in and around Skopje, as well as in other places and regions of the Vardar part of Macedonia. Soon after, some of the colonists who failed to adapt to the natural and climatic conditions of the place where they were colonized, left the villages

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<sup>12</sup> *Ibidem.*

in which they were settled and began to flock into the cities, especially into Skopje, which further mechanically increased the population of the city of Skopje.<sup>13</sup>

## NATURAL AND ECONOMIC FACTORS

It is well known that the economic development of a country is conditioned by important natural factors such as energy sources, natural resources, and the educational quantity and quality of the population as a source of labor in the economy. At the same time, natural factors present potential opportunities for future economic development, but to what extent and in what direction it would develop, mainly depends on the degree of development of socio-economic relations.

Although the territory of the Vardar part of Macedonia between the two world wars had favorable factors that defined the natural resources for a more balanced economic development, the unfavorable socio-economic conditions did not allow these resources to be utilized evenly. Therefore, the economy in general, and industry in particular, developed at a slower pace in certain regions and on a limited scale.<sup>14</sup> Each of these natural factors had its own role and specific significance as a condition for the further economic development of the city of Skopje.

*Electricity* - The production and application of electricity is one of the essential prerequisites for the modernization of handicrafts, industry and mining. The quantity of propulsive energy with which each country had developed and applied was a measure of the degree of its industrial development, and it is in terms of energy sources. Thanks to the numerous mountain rivers with abundant flows, the Vardar part of Macedonia had a potential power generation capability.

*Water potential* - The competent authorities were well aware that the construction of hydro and thermoelectric power plants allowed for the proper upward development of the economy in general and in the field of industrial production in particular. The data indicates that the strength of the rivers and the annual energy that could be obtained from the average flow in medium-wet years in the period between 1923-1941 was 14 MW.

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<sup>13</sup> Христов 1993, 86. [Hristov 1993, 86.]

<sup>14</sup> Svezadar. *Nauka i znanje u rječi i slici*. Zagreb, 1954, 410-412. [Svezadar. Science and Knowledge in Word and Image, Zagreb, 1954, 410-412.]

More specifically, the city of Skopje and its surroundings abounded in a water table that made it possible to produce electricity. Thus, out of a total of seven hydroelectric power plants in the Vardar part of North Macedonia, only two had a larger capacity, namely the hydroelectric power plants on the Treska River - Matka near Skopje and the Pena River near Tetovo. The installed propulsion power of the first plant was 3,800 kW, and of the second 1,760 kW. The total installed power of all hydropower plants in the Vardar part of North Macedonia at that time amounted to 5,818 KW, of which 5,560 kW fell to the two above-mentioned power plants, and only 258 KW to the other five. Hydropower in this period was initially poorly used for industrial and other purposes, but over time the production of electricity could not keep pace with the development of generating capacities that increasingly required electricity as a propulsion vehicle.

*Coal* - In order to meet the growing needs of electricity, at first, in the city of Skopje and beyond, in addition to water power, wood was also used as a source of electricity production. However, such production of electricity with the help of wood pulp in the interwar period could not satiate the growing needs of Skopje, which constantly increased the consumption of electricity, for the simple reason that the natural timber industrial mass was in limited quantities. The alternative energy produced by the use of coal was in its infancy because the newly discovered deposits of this energy asset were still being investigated and discovered. That is why the precious wood raw material was then ruthlessly exploited and served as the propulsion fuel for thermal gas power plants. The rashly and uncontrolled exploitation of the timber mass contributed to the stripping of the surrounding forests and to causing incalculable damage to the forest fund, not only in Skopje and its vicinity, but also beyond.

For the above reasons, the use of domestic coal was constantly increasing, which contributed to its becoming scarce, so that this energy asset could not be used as a reliable and constant source. Therefore, the needs of the coal industry were mainly met by other areas of the Kingdom of SCS / Yugoslavia. A geological survey of coal reserves was conducted in Skopje and beyond in-between the two world wars mainly in two places, in the surroundings of the village of Nerezi and near the village of Katlanovo - both in Skopje. Reserves of lignite of groups "A" and "B" of about 705,000 tons were found at these sites, and reserves of group "C" were assumed to exceed several milli-

on tons. The reserves found by mines and by groups were then expressed in tons.<sup>15</sup>

The lignite found and exploited was of good quality with 3,000-4,000 calories. In the mines of the village of Nerezi and in the village of Katlanovo, the exploitation was carried out seasonally and without the use of modern industrial tools and machines. It is because of this fact that the total production of lignite in the period between 1929-1940 in the mine in the village of Nerezi amounted to about 26,710 tons, whereas in the Katlanovo mine in the period between 1938-1940 it amounted to 6,304 tons, which could not meet the increasing demand for this fuel.

*Ore Wealth* - The city of Skopje with its surroundings, in addition to the richness of water power as a source of propulsion power, had at its disposal significant amounts of various metal ores: chromium, iron, lead, manganese, zinc, as well as a variety of non-metals: asbestos, mica, magnesite, talc, quartz sand, various types of high-quality marbles, etc. This wealth was to develop both the metallurgical and the chemical industry. As geological exploration and exploitation were associated with high investment, mining was left to the foreign capital. Among the ores, only chromium was extracted, and on a weaker scale - lead, zinc, magnesium, and manganese, and among the non-metals - quartz sand, talc, mica, and marble. The mined ores were marketed overseas, either in their crude state or as ore concentrate – such as chromium concentrate.

Until the outbreak of World War II, exploration and exploitation of ore resources in the city of Skopje was conducted on a modest and limited scale, although in terms of the research and reserves found at that time, this branch of the economy could achieve greater results.<sup>16</sup>

The reserves of chromium ore in the Vardar part of North Macedonia, according to geological surveys conducted up to 1939, amounted to 430,150 tons, of which 258,000 tons fell to the Raduša mining deposit, 155,000 tons to the Ljuboten deposit and<sup>17</sup> 15,800 tons to the Lojane deposit. In 1940 and 1941, the investigations continued and the pro-found reserves increased to 568,201 tons, of which 378,576 tons fell to Raduša, Ljuboten yielded 165,825 tons, Lojane 13,800 tons and Rabrovo yielded 10,000 tons.<sup>18</sup> The total production in

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<sup>15</sup> *Ibid.*, 20.

<sup>16</sup> Сидовски 1960, 16. [Sidovski 1960, 16.]

<sup>17</sup> Petrović 1940, 32. [Petrović 1940, 32.]

<sup>18</sup> Сидовски 1960, 18. [Sidovski 1960, 18.]



1940 amounted to 32,579 tons of chromium ore, of which 6,194 tons of rich chromium ore (45-50%) and 26,385 lean ore (15-30%).

Acknowledging the possibility of exploiting the ore wealth, especially the exploitation of chromium ore, which was in great demand on the market, certain companies worked in the Vardar part of Macedonia and in the surrounding of Skopje. Thus, one of the first mining individuals was the Skopje industrialist Mois Asseo.<sup>19</sup> The documents of this fund speak of several firms whose owner or co-owner was the famous Moise Asseo, a man engaged in the field of mining. Tracing the beginnings of his activity, we learn that in the early twenties, there was a firm called *Musafia & Asseo*, for whose work we find sources in the archival documentation from the interwar period, and especially from 1924. In the later period, we find archival sources that give data on the companies *Mois Asseo Mining; Bureau Asseo* and *Local Brotherhood Treasury for Insurance of Mining Workers Asseo*, and others. *Mois Aceo Mining* was the concessionaire for the exploration and extraction of ores. In August 1928, part of the rights of the company *Mois Aseo Mining* were ceded to Živojin Zlatković, a lawyer from Belgrade, and geological surveys were carried out for it. The firm owned a number of smaller mines in Kosovo-Metohija and in the Vardar part of Macedonia: Orahovac, Koriš, Petković, Saldare, Ostrovica, Ninika, Zatrić, Grekovci, Deva, Krst, Budinac, and others. The Director and their Legal Representative was Moritz Alkalaj. This firm, as well as *Bureau Aceo*, collaborated extensively, doing research and other work for the Alatini brothers' large foreign firm. *Mine Workers' Insurance Corporation Asseo* contributed to the cost of medical treatment for its workers, their families, payment of pensions, and covered other expenses, as well.<sup>20</sup>

Magnesite research was carried out in the surrounding of Skopje, on the left and right banks of the Vardar River near Zelenikovo and around the Pčinja River. The mining of the ore was performed in a primitive manner using simple tools; consequently, productivity was very low.<sup>21</sup> Magnesite was marketed into the country, and negligible quantities were exported.

Rich deposits of high-quality quartz sand were located near the village of Dolno Sonje - Skopje. At that time, the reserves were not sufficiently

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<sup>19</sup> For him and his company, there is an extensive documentation that portrays a clear picture of the development of this industrial branch in the State Archives of the Republic of Macedonia (SARM) – Regional Unit Skopje (RUS) SARM, RUS, F: 405, Mois Asseo Mine Administration (1919–1943); 1919/1931, folder 1;0.04.

<sup>20</sup> *Ibidem*.

<sup>21</sup> Сидовски 1960, 19. [Sidovski 1960, 19.]

geologically surveyed. Small quantities were exploited and ennobled from this site, and for certain users only. Thus, quartz sand was mostly marketed in glass factories.

Taking the above factors in consideration, it can be stated that the exploitation of ore resources, with the exception of chromium, was minor in scale, and the enterprises engaged in this activity were in the hands of mixed or, more often, foreign capital.

The time leading up to the Great World Economic Crisis (September, 1929) was marked by rapid population growth, accompanied by the rural-to-urban mechanical influx, which contributed to the creation of much-needed labor. At the same time, investment factory construction contributed to it becoming a period of accelerated expansion of industrial production, as well as a period of increase in commodity exchange within the city of Skopje and the trade of goods and services with other cities of the Kingdom of Yugoslavia. The favorable climate and favoritism of domestic industry led to the establishment of light manufacturing enterprises and powerplants. From 1921 to 1931, economic enterprises were mainly established in the city of Skopje, funded with share capital from Macedonian, Serbian and Jewish merchants.

In 1920, the *Commercial and Industrial Bank Vardar* was founded in Skopje, with a capital of 3 million dinars, which provided great opportunities for the development of Skopje's economy.<sup>22</sup>

The weaknesses and difficulties of Skopje's economy, which was maintained in conditions of capitalist competition and discriminatory policy in the Kingdom of Yugoslavia, were expressed during the years of the World Economic Crisis (1929–1933). The negative consequences of the world crisis were heavily reflected in the economy. The unstoppable fall in the prices of economic and trade products led to stagnation and regression of agriculture and animal husbandry. In the period between 1926 and 1934, the prices of the group of so-called herbal products (wheat, corn, barley, beans, etc.) decreased by 42.6%.<sup>23</sup> To prevent the detrimental decline of agricultural products, the Prizad Enterprise<sup>24</sup> acted. This enterprise had to influence the price increase by buying and exporting the pro-derivatives at prescribed prices while excluding intermediaries. The monopoly rights granted by Prizad in 1931 for the import and export of certain agricultural products did not benefit the pro-contractors, but only the landowners and various speculators.

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<sup>22</sup> Дојчиновски 1995, 162. [Dojchinovski 1995, 162.]

<sup>23</sup> Зографски 1986, 560. [Zografski 1986, 560.]

<sup>24</sup> Prizad: Privileged joint-stock company for the export of ground products.

Agriculture in the Vardar part of Macedonia, and thus in the city of Skopje, could hardly see growth while facing the blows of the crisis. For both the rural and the urban economies, the crisis seriously deepened the weaknesses and contradictions that the capitalist manner of production brought with it. During the economic crisis, many industrial enterprises, hardware stores, and trading firms were forced to cease operations. The aftermath of the crisis placed a heavy burden on the shoulders of workers, whose daily wages were being reduced and the workers were often out of work. By October 1932, 31,000 workers were on the search for work, while the Labour Exchange employed only 4,670 workers.<sup>25</sup>

### POLITICAL FACTORS

Among the factors that had a strong impact on the economic circumstances in the Vardar part of Macedonia, and in this context in the city of Skopje and its surroundings, were undoubtedly the political factors. The significance and role of these factors can be witnessed through the activities of the central ruling body - the Government (through the competent ministries of the economic sector and the National Assembly of the Kingdom of Yugoslavia), as well as the local authorities (district, regional and municipal assemblies). In the new state of the Kingdom of Yugoslavia, the Vardar part of Macedonia was treated as a territory with colonial status, with an officially unrecognized national identity, under a violent policy of persecution and ethnic cleansing, followed by a strong assimilation.

The Government and the National Assembly of the Kingdom of Yugoslavia, as organs of administrative, executive and legislative power, enacted decrees and laws regulating the overall situation in the state, and in this context in the Vardar part of Macedonia. However, in the Vardar part of Macedonia, there were distinct decrees and laws. One of the first and most important laws passed by the regime authorities was the Agrarian Reform Law, which was essentially aimed at improving the state of the agricultural economy. However, in the Vardar part of Macedonia, and in this context in Skopje and its surroundings, the agrarian reform was associated with colonization, through which it was influenced not only by the political means of denationalization and assimilation of the Macedonian people, but also by the economic exploitation of the native population and the enforcement of the economic power of the colonists. Thus, for example, settled colonists from

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<sup>25</sup> Зографски 1986, 562. [Zografski 1986 562.]

other parts of the kingdom (Montenegrins, Serbs) were granted the most fertile land (state or abandoned land), and the land granted to the locals was always of lower quality. Despite the fact that the colonization of Serb elements in the Vardar part of Macedonia was negative from an ethno-political point of view (changing the ethnic structure and political influence on the population), still, in economic terms, with the allocation of land not only to the colonists but also to the Macedonian villagers, some economic progress was achieved due to the increase of arable land and its promotion.

Colonization was carried out in three stages: 1919–1924; 1924–1928; and 1929–1941. The following were mostly being colonized: "volunteers", chetniks, junior civil servants, autocolonists - private and state colonization, and cultural, educational, economic and other institutions were installed. The objects of colonization were: vacant state land, municipal and village lands, refugee estates, and lands that could be separated from larger estates. Colonization was carried out by: the Agrarian Department under the Ministry of Agrarian Reform of the Kingdom of SCS (from 12.02.1920); agrarian communities (from 20.02.1922), i.e. agrarian cooperatives from 1931; Supreme Trustee of the Agrarian Cooperative in Skopje since 1931; agrarian charters in several cities and the High Agrarian Court in Skopje.<sup>26</sup> The final result of the colonization in the Vardar part of Macedonia by 1940 was 200 colonies with 4,167 colonists, of which 2,037 families were colonized in Skopje.<sup>27</sup>

The intense influence of the political factors on the economy is also evident in the policies delivered by the political parties. In the interwar period, the Vardar part of Macedonia was a terrain of action, primarily of the Serbian civil political parties (Radical, Democratic, Agrarian, Republican, etc.), then of the League of Communists of Yugoslavia, and of the political organizations *Dzhemiyet* and *VMRO*. In the political life in the Vardar part of Macedonia, there was no legal Macedonian political party due to the non-recognition of the Macedonian nation. The Macedonians had to realize their political activities through the Serbian civil political parties, and through the Communist Party of Yugoslavia (in the legal period until 1920).

The overall policy of the political parties can be seen from their programs, which, in principle, emphasized that they advocated for the improvement of economic conditions (investment, promotion, and improvement of working and living conditions, etc.). However, the extent to which this was

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<sup>26</sup> Апостолов 1966, 105. [Apostolov 1966, 105.]

<sup>27</sup> Бурзевски 1982, 97. [Burzevski 1982, 97.]

achieved in reality (when they were in power) depended not only on political - but also on many other factors.

The political views of political parties were promoted and affirmed by the people's deputies elected in the parliamentary and municipal elections. Namely, in their activities in the Vardar part of Macedonia, and in this context in Skopje and its surroundings (at party gatherings and rallies, and especially during the pre-election and electoral activities for the parliamentary elections), they mostly focused on the economic part of the party's programs. At the same time, candidates for deputies of Macedonian origin in their speeches advocated for investment in and improvement of the economy, seeing this as an existential opportunity primarily for the local population.

The parliamentary elections presented the most opportune means for all political parties to establish a relationship with the people and an opportunity to examine their mood for the policies and the outlined program aspirations.

During this period, the political scene was dominated primarily by Serbian civic political parties, such as the Radical Party, as the main supporter of the regime and the royal court; the Democratic Party - a sharp opponent of the labour movement; the Republican Party, aiming to resolve the political, national and class contradictions; the Agrarian Party, which sought to improve rural life and the agriculture; and the *Dzemijet*, which advocated for the rights of Muslims in the Kingdom. In addition to these parties, the Communist Party of Yugoslavia was active in the Vardar part of Macedonia, which protected the rights of workers and the poor class, and operated until its ban on December 30, 1920.<sup>28</sup> After the banning of the Communist Party of Yugoslavia, the Socialist Party intensified its work, which among other things advocated for the workers' trade union rights.

On the lists of candidates, and later as deputies in the Parliament, the Macedonians were included as representatives of the branches of Serbian political parties operating in the Vardar part of Macedonia. At the same time, as candidates, in the role of people's deputies, prominent local individuals were mainly appointed, then individuals who declaratively supported the policy of the regime, individuals who had lived for a long time in the Vardar part of Macedonia even though they were not born there, as well as those who had already been elected as people's deputies. It is not uncommon for a particular party to appear on the list of persons who, in addition to the declared sup-

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<sup>28</sup> Цветковска 2004, 28–29. [Cvetkovska 2004, 28–29.]

port of the party, managed to promote their own views that protect the interests of the local population, especially in economic terms.<sup>29</sup>

The people in the Vardar part of Macedonia expressed their dissatisfaction with the formal representation on the lists of candidates, as well as in the National Assembly, as well as dissatisfaction with their position, either by the means of passive resistance or by voting for the League of Communists of Yugoslavia. The Macedonian people were not given the opportunity to vote for a Macedonian political party through a democratic public route, because political life had to move in the direction dictated by Belgrade.<sup>30</sup>

The Macedonian question in the Yugoslav Parliament was mostly treated as an economic issue. Issues and problems from the economic sphere in the Vardar part of Macedonia were mostly discussed by the Macedonian people's deputies. In the parliamentary debates, discussions revolved around the problems related to tobacco and opium issues, the issue of rice, forests, trade, etc. In the budget-related debates, it was pointed out that in the Vardar part of Macedonia, in terms of afforestation, nothing had been done.<sup>31</sup> With its uneven and discriminatory investment policy, the government had mostly focused on the northern regions of the country. The government was urged to pursue a more balanced investment policy in the Vardar part of the country.<sup>32</sup>

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<sup>29</sup> Thus, in the parliamentary elections of November 28, 1920, 5 people's deputies were elected in the Skopje electoral district: from the Communist Party – 3 (Dušan Čekić, Petar Đorđević and Kosta Novaković); from the Democratic Party – 1 (Dr. Mihajlo Šuškalović) and from *Dzemijet* – 1 (Emin Yaşar). At the next parliamentary elections of March 18, 1923, 4 people's deputies were elected in the Skopje district: from the Radical Party – 1 (Đorđe Hadži Aleksić); from the Democratic Party – 1 (Mihajlo Kujundžić) and from *Dzemijet* – 2 (Qamil Osaman and Hasan Shukri, Hadzi Mustafa). In the parliamentary elections of February 8, 1925, a total of 4 deputies were elected in the Skopje district: from the National Block – 3 (Aleksandar Aksentijević, Bora Milovanović and David Dimitrijević), and from the Democratic Party – 1 (Mihajlo Kujundžić). At the parliamentary elections of September 11, 1927, 4 people's deputies were elected in the Skopje electoral district: from the Radical Party – 2 (Panta Jovanović and Šani Idriz) and from the Democratic Party – 2 (Dimitrije Bojadžijević and Mihajlo Đ. Kujundžić).

<sup>30</sup> Цветковска 2004, 254. [Cvetkovska 2004, 254.]

<sup>31</sup> Стенографске белешке Народне скупштине Крљевине СХС. Редован сазив за 1936/37. II књига, XXXIII редовни састанак – 5 марта 1937 год. 6, књ. 2, Београд, 1937, 936. [Stenographic Notes of the National Assembly of the Kingdom of SCS. Regular Session for 1936/37, Volume II, XXXIII Regular Meeting - 5 March 1937. Volume 6, Book 2, Belgrade, 1937, 936.]

<sup>32</sup> Stenografske beleške Narodne skupštine Kraljevine SHS. Redovan saziv za 1927/28 IV knjiga, XXXIII redovni sastanak – 1 marta 1928. God. VII, br.33, Beograd, 1928, 62, 63.

The people's deputies in the Assembly could not ignore them and pointed out the enormous scale of the backwardness of the economy in the Vardar part of Macedonia, and hence in the city of Skopje. In this context, the transport conditions, the lack of railway lines and the poor construction policy were the main issue.<sup>33</sup> In this sense, I would like to highlight the discussion of Stamenko Stošić. He referred to the condition of the roads in the Vardar part of Macedonia, stating that it was not good and that it was a huge obstacle to any economic progress, and especially to the advancement of trade.<sup>34</sup>

The poor state of craftsmanship, which in the past had rooted traditions in Macedonia, was discussed at the sessions of the Assembly, and there were especially sharp reactions in 1937. Of these, I would highlight the discussions between Mita Dimitrijević and Časlav Nikitović. Mita Dimitrijević believed that in order to improve the position of craftsmen in the Vardar part of Macedonia, and in this context in Skopje, funds from the fund for the improvement of craftsmanship needed to be allocated, within the Department of the Ministry of Crafts and Industry.<sup>35</sup>

The Government's monetary policy was also criticized at the meeting. At one session, it was found that a wrong currency policy had been used and it was pointed out that the dinar should be an expression of power in the economy.<sup>36</sup>

Also, at the sessions of the Assembly, the credit policy was often discussed and criticized through the state monetary institutions: the People's Bank, the Mortgage Bank, the Agrarian Bank and the Postal Savings Bank.<sup>37</sup>

Furthermore, with regard to the trade policy, the people's deputies in general, and especially those from the Vardar part of Macedonia, asserted that

[Stenographic Notes of the National Assembly of the Kingdom of SCS. Regular Session for 1927/28, Volume IV, XXXIII Regular Meeting - 1 March 1928. Year VII, No. 33, Belgrade, 1928, 62–63.]

<sup>33</sup> Стенографске белешке Народне скупштине Крљевине СХС. Редован сазив за 1927/28. V књига, XXXI редовни састанак – 10 маја 1928 год. VIII, бр. 41, Београд, 1928, 217. [Stenographic Notes of the National Assembly of the Kingdom of SCS. Regular Session for 1927/28, Volume V, XXXI Regular Meeting - 10 May 1928. Year VIII, No. 41, Belgrade, 1928, 217.]

<sup>34</sup> Надежда Цветковска 2000, 131. [Cvetkovska 2000, 131.]

<sup>35</sup> *Ibid.*, 133.

<sup>36</sup> Стенографске белешке Народне скупштине Крљевине СХС. Редован сазив за 1934/35, CXI редовни састанак – 30 јули 1934 год., Београд, 1935, 113. [Stenographic Notes of the National Assembly of the Kingdom of SCS. Regular Session for 1934/35, CXI Regular Meeting - 30 July 1928, Belgrade, 1935, 113.]

<sup>37</sup> *Ibid.*, 114.

the state should plan to pursue this policy and this plan to be determined for 3-5 years, as in other countries. Examples of unplanned trade policies were the trade agreements between the Kingdom of Yugoslavia and Greece, and the Kingdom of Yugoslavia and Albania, which were important for the Vardar part of Macedonia. For the Yugoslav-Greek agreement, the issue was the method of payment. It was regulated by paying exporters 50% compensatory fee in drachmas, 20% in free currency, and 30% in accounts with the Bank of Greece in Thessaloniki. What the exporters were irrevocably receiving were those 20% free foreign exchange that was always paid through the National Bank and not directly.<sup>38</sup>

A significant upsurge in the development of the economy in the Vardar part of Macedonia, and in this context in Skopje, followed after the end of the Great Economic Crisis in 1933. This was especially evident after the coming into power of the Prime Minister Milan Stojadinović (25.6.1935 - 21.12.1938). At that time, the economic life saw changes in the Kingdom of Yugoslavia and, especially, in the Vardar part of Macedonia. Milan Stojadinović sought to orient the Kingdom of Yugoslavia towards Europe in economic terms, advocating for the concept of a national economy. The policy pursued by the government of Milan Stojadinović had a direct impact on the economic situation in the Vardar part of Macedonia, and in this context in Skopje, especially in the five-year period from 1935 to 1940.<sup>39</sup>

The policy of the government of Milan Stojadinović was also reflected in agriculture, which was still practiced in an underdeveloped manner with backwardness, at a low rate of productivity, compared with the more developed regions in the Kingdom of Yugoslavia. In addition to this, in the Vardar part of Macedonia, and in this context in Skopje and its vicinity, the period after 1935 was still the third period of colonization by the colonists.<sup>40</sup>

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<sup>38</sup> Цветковска 2000, 138. [Cvetkovska 2000, 138.]

<sup>39</sup> During this period, 34 new industrial facilities were built in Skopje, of which 38.6% were in Skopje (including: 5 for textile, 5 for constructions, 2 for metal, 2 food-related and 1 for electricity production). Сидовски and Благоев 1973, 65. [Sidovski and Blagoev 1973, 65.]

<sup>40</sup> By the end of 1940, 280 colonies were formed on the territory of the Vardar part of Macedonia with a total of 4,167 colonized families. For the realization of the goals of the agrarian reform, 153,165 hectares of land were taken. Of these, for the colonists and public institutions (schools, barracks, gendarmerie stations, agricultural traders, prominent estates, churches, monasteries, etc.) 37,622 hectares were allocated. The remaining was granted for pastures or in exchange for the confiscated properties of the local population. For the colonists, the state built 675 houses, and the settlers themselves were housed in houses abandoned by the Turks. Апостолов 1996, 137–138, 226. [Apostolov 1996, 137–138, 226.]



At this stage, the colonization was not totally completed according to the plans of the agrarian authorities and it was reduced to the smallest possible extent. Shortly before the German attack on the Kingdom of Yugoslavia on April 6, 1941, the colonization was completely neglected and the process stopped.

Such results of the policy of the ruling Greater Serbian regime were strongly reflected in the development of all branches of the economy of the city of Skopje, which were developing at a slow pace. The city of Skopje, according to the plans of the Serbian civic politicians, was to become the center of a new banovina, i.e. *Serbian Banovina*, which was to unite all the "Serbian lands" in the Kingdom, including the Vardar part of Macedonia.<sup>41</sup>

Considering the factors that influenced the economic circumstances in the city of Skopje between the two world wars, we can conclude that all factors equally influenced the development of the economy. The concentration of settlement in the city of Skopje provided the creation of a workforce that was engaged in the enterprises of the city. The exploitation of natural resources was the basis for the beginning and development of some industries in the city. Lastly, in the parliamentary debates between the deputies from the Vardar part of Macedonia, it is clearly indicated that politics had an intense influence on the prolonged and backward development of the economy in the city of Skopje between the two world wars.

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<sup>41</sup> Цветковска 2000, 22–23. [Cvetkovska 2000, 22–23.]

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