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Béla Tomka

Social and Economic Impacts on the Development
of Living Standards and Consumption in the Balkan Countries
(19th and 20th Century)

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in Südosteuropa nach 1800**

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1. The 19th Century

In the early 19th century the territories whose historical path is followed in this subchapter, were under Ottoman rule. Economic life was dominated by subsistence agriculture, the rate of urban population was low and the leading technologies of the age were introduced quite tardily in this region. The gap between the level of economic development in Western and Southeastern Europe increased during the 19th century, which manifested in levels and patterns of consumption, among others.¹ However, lagging behind Western Europe did not mean that the region's economy and society was static in this period. On the one hand, the continuous and large-scale political changes increased the region's already existing diversity. On the other hand, the pace of economic growth accelerated in the countries of the Balkans in the 19th century, particularly towards the end of the century and the early 20th century, directly affecting the standard of living.²

Now, long-term data series of economic output of numerous European countries are readily available, yet data from earlier periods are increasingly less reliable the further back one examines. This is definitely the case for the Southeast European region, where, according to several observers, these obstacles are less severe in the case of the real wage data with regard to the period before the First World War.³ These data are especially important for the purpose of this

¹ For reviews on recent trends in consumption research see Frank TRENTMANN, Introduction, in: IDEM (ed.), *The Oxford Handbook of the History of Consumption*. Oxford 2012, 1–19; IDEM., Consumption, in: John MERRIMAN/Jay WINTER (eds), *Europe since 1914. Encyclopedia of the Age of War and Reconstruction*. Vol. 2. New York 2006, 704–717; Frank TRENTMANN, Beyond Consumerism. New Historical Perspectives on Consumption, *Journal of Contemporary History* 39 (2004), no. 3, 373–401; Neil McKENDRICK/John BREWER/J. H. PLUMB, The Birth of a Consumer Society. The Commercialization of Eighteenth-Century England. London 1982; Victoria DE GRAZIA, History of Consumption, in: Neil J. SMELSER/Paul B. BALTES (eds), *International Encyclopedia of the Social and Behavioral Sciences*. Vol. 4. Amsterdam et al. 2001, 2683; Hannes SIEGRIST/Hartmut KÄELBLE/Jürgen KOCKA (eds), *Europäische Konsumgeschichte. Zur Gesellschafts- und Kulturgeschichte des Konsums (18. bis 20. Jahrhundert)*. Frankfurt/M. 1997; Colin CAMPBELL, Consumption. The New Wave of Research in the Humanities and Social Sciences, in: Floyd W. RUDMIN (ed.), *To Have Possessions. A Handbook of Ownership and Property*. Corte Madera/CA 1991, 57.

² Michael PALAIRET, *The Balkan Economies, c. 1800–1914*. Cambridge 1997; John R. LAMPE/Marvin R. JACKSON, *Balkan Economic History, 1550–1950. From Imperial Borderlands to Developing Nations*. Bloomington/IN 1982, 237–250.

³ Süleyman ÖZMUCUR/Şevket PAMUK, Real Wages and Standards of Living in the Ottoman Empire, 1489–1914, *Journal of Economic History* 62 (2002), no. 2, 293–321, 294; Ljuben BEROV,

study, as they provide more exact and direct information concerning changes to the standard of living. There are some legitimate objections to the use of real wage series, too, as the data cannot be considered as fully representative, considering that the data are generally only available for larger cities. Moreover, real wages cannot be rendered equal to per capita income for several reasons, since, for example, household incomes are often determined by shifts in employment levels, participation rates of women and particularly by changes in non-market incomes. Despite these considerations, the correlation between real wages and the standard of living is obvious for 19th century Southeastern Europe.

Indices for Istanbul and cities of Southeastern Europe, such as Belgrade and Salonika, show that the real wages of unskilled urban construction workers grew considerably between 1800 and 1913 – by some 50 per cent in Istanbul. An even more dynamic increase can be seen in the case of skilled workers during the century. The wages of skilled construction workers grew particularly rapidly in the last years of the 19th century and in the first decade of the 20th century. This growth is an important development as real wages of these social groups had essentially stagnated in the previous three centuries in Ottoman cities. Still, real wages grew slower in Southeastern Europe than in Western Europe and lagged considerably behind the levels in Western European cities throughout the 19th century. Prior to the First World War, real wages of unskilled workers were 2.7 times higher in London than in Istanbul. The corresponding ratios were lower in Amsterdam and Antwerp (both 1.9) and Paris (1.6).⁴ The difference in real wages was significantly smaller – by some 50 per cent – than that of the level of GDP according to OECD estimates.⁵ The pace of increase in Southeastern Europe was slower than in Western Europe, but cannot be considered outstandingly poor compared to Southern or Central Eastern Europe.⁶ As has been noted above, the data cannot be unconditionally generalised to the whole of Ottoman society, nonetheless it definitely does show that the change in the level of the living standard facilitated the substantial transformation of consumption patterns in the Ottoman territories during this period.

The living standards of Balkan countries that gained independence one after the other in the 19th century changed similarly according to all indicators. The real wages in Serbia in the mid-19th century were only slightly higher compared to contemporary levels in the territory of nowadays Turkey, but their dynamics still lagged marginally behind that of the period up to the First World War. Bulgaria showed a better performance than Serbia, due to real wages having increased more dynamically there, especially at the end of the 19th century.⁷

Wages in the Balkan Lands During the Period of Manufacturing Capitalism and the Industrial Revolution, *Bulgarian Historical Review* 7 (1979), no. 1, 91–115.

⁴ Robert ALLEN, The Great Divergence in European Wages and Prices from the Middle Ages to the First World War, *Explorations in Economic History* 38 (2001), no. 4, 411–447.

⁵ Angus MADDISON, *Monitoring the World Economy, 1820–1992*. Paris 1995; Angus MADDISON, *The World Economy. A Millennial Perspective*. Paris 2001.

⁶ ÖZMUCUR/PAMUK, Real Wages and Standards of Living, 313–317.

⁷ Jeffrey G. WILLIAMSON, Real Wages and Relative Factor Prices Around the Mediterranean, 1500–1940, in: Şevket PAMUK/Jeffrey WILLIAMSON (eds), *The Mediterranean Response to Globalization Before 1950*. London 2000, 45–75, 62; Gábor DEMETER, A Balkán és az Oszmán Birodalom.

Most of the population of the region, as in Europe generally, lived from agriculture during the whole of the 19th century, albeit the importance of this sector slowly diminished over the years. In 1860 the ratio of agricultural employment was 88 per cent in Greece, which decreased to 64 per cent by 1910. The shift was somewhat more moderate in Romania, Serbia and Bulgaria where three-out-of-four people still lived off agriculture before the First World War.⁸ The rural way of life was based on subsistence farming, which greatly determined consumption patterns with nutrition resting on locally available resources. Most peasant families lived on a modest diet, eating various forms of bread or porridge and some vegetables. Meat was eaten fresh and dried, but it was very rarely part of a daily diet. According to accounts from the 1880s, for example, Montenegrin peasants ate twice a day: once in the morning or at lunch, consisting of a piece of bread made of maize flour or baked from some coarse grain. In the evenings they usually ate the same or soup of maize and beans. While rural people consumed relatively high amounts of alcohol in Romania and Bulgaria – and drunkenness was not an infrequent social phenomenon – in mountainous regions of the Balkans, including Montenegro, acquiring wine or plum brandy was more difficult and expensive. People living in these areas rather consumed more milk, usually in a soured form. Potatoes were already grown in greater quantities from the end of the 18th century, and were often eaten more regularly than bread. By contrast, more expensive foodstuffs, including meat, were consumed in greater quantities during festivities.⁹

Levels of food consumption increased in the 19th century, while some estimates suggest simultaneously that the share of food expenses in total expenditures of manual workers declined for the same period. In Serbia unskilled workers spent some 60–70 per cent of their income on food in the early 19th century, which declined to some 45 per cent in the early 20th century. In Bulgaria the decline was more distinctly pronounced from some 55 per cent to 30 per cent during the same period.¹⁰ Nonetheless, this transformation did not occur smoothly. For example, Serbia suffered impoverishment during the trade depression at the end of the 1850s and the relative price of several basic food items increased in the last decades of the 19th century. As an illustration, the daily wage of a mason in 1863–1867 would purchase 12.06 kilogram of bread, while in 1906–1910 this decreased to 11.70 kilogram. The decline was even stronger in the case of pork (-17.5 per cent) and beef (-28 per cent), whereas a mason's purchasing power increased for other items, such as potatoes (+37.3 per cent) and beans (+106.9 per cent).¹¹ Moreover, agricultural production was exposed to considerable volatility. The yield of corn and other crops grown in the highlands was unreliably, and if drought set in,

Vol 1: Társadalmi és gazdasági átalakulások a 18. század végétől a 20. század közepéig. Általános rész és Bulgária. Budapest 2014, 421.

⁸ Ivan T. BEREND/György RÁNKI, *Gazdasági elmaradottság, kiutak és kudarcok a XIX. századi Európában*. Budapest 1979, 158.

⁹ PALAIRET, *The Balkan Economies*, 145.

¹⁰ Gábor DEMETER, *A Balkán és az Oszmán Birodalom. Vol. 3: Társadalmi és gazdasági átalakulások a 18. század végétől a 20. század közepéig*. Szerbia, Macedónia, Bosznia. Budapest 2014, 227f.

¹¹ Holm SUNDHAUSSEN, *Historische Statistik Serbiens, 1834–1914*. München 1989, 395.

then harvests would often be purchased quite tardily in limited quantities due to bad communication and transportation possibilities. In remote areas of Montenegro, cases of starvation and famine mortality were reported in almost every year in the relatively prosperous 1880s.¹² Most clothing and everyday tools were homemade by self-reliant peasant families. Still, many households did not possess even the most basic furniture, kitchen tools and other appliances: in Serbia at the end of the 19th century 38 per cent of peasant households did not have beds and 20 per cent lacked tables. Almost two-thirds of these households possessed only 2–8 plates and 2–3 forks.¹³

Societies of the Balkans were characterised by this decisively self-sufficient way of life throughout the 19th century, but considerable changes also occurred in this period. The most important change in consumption was brought about by the increasing commercialisation of agriculture. Over the course of time, more and more peasants produced goods for sale in ever greater quantities, and the resulting income obtained consequently impacted their consumption. This process had multiple drivers, including increasing internal demand from urban centres as well as international demand through trade.¹⁴

Purchasing power grew considerably in all of Europe during the 19th century. Withal, there were substantial differences with regard to the dynamics of the process. Even in the Southern and Central Eastern European economies, which went through a less rapid change, people consumed more imported products therewith increasing the demand for goods produced in the Balkans as well. As can be deduced from the change of real wages, especially in the decades before the First World War, the domestic demand also grew in the Ottoman Empire and in the Balkan countries, which eventually became independent. The development in transportation – and the expansion of railway networks in particular – enabled peasants to produce not only for local, but also for markets further afield, thus allowing an increase in cash income earnings.¹⁵ This trend became a virtuous cycle as a result of the referred to changes; peasants additionally tended to acquire consumer goods from the market which they had previously manufactured themselves, or had been novel products that had not been consumed before. An early manifestation of the agricultural population's engagement in commercial activity was proto-industrialisation, which selectively took place in some regions of the Balkans. The most significant sites of manufacturers for long-term trade emerged in Bulgaria and Macedonia, where a relatively great number of peasants retreated into mountainous regions to engage in textile production in the early 19th century. However, most of these isolated areas of proto-industries declined by the mid-19th century – or by some other accounts from the 1880s – and could not transform the subsistence-agriculture in the long-run.¹⁶

¹² PALAIRET, *The Balkan Economies*, 146.

¹³ Marie-Janine CALIC, *Sozialgeschichte Serbiens, 1815–1941*. München 1994, 145; DEMETER, *A Balkán és az Oszmán Birodalom*, vol. 3, 43, 96.

¹⁴ Ahmeto O. AKARLI, *Growth and Retardation in Ottoman Macedonia, 1880–1910*, in: PAMUK/WILLIAMSON (eds), *The Mediterranean Response to Globalization*, 109–133.

¹⁵ Donald QUATAERT, *The Ottoman Empire, 1700–1922*. Cambridge 2005, 131.

¹⁶ LAMPE/JACKSON, *Balkan Economic History*, 139–142.

The most spectacular sign of commercialisation and change in consumption was the growth of imported consumer goods, even with domestic trade remaining more important in both volume and value. International trade grew ten- to sixteen times in the Ottoman Empire during the 19th century, and a similar dynamic growth could be observed in the volume of foreign trade of Balkan states, which had become independent during that century. Although this expansion underperformed the growth of world trade, in the period of economic boom at the end of the 19th century and at the beginning of the 20th century that affected several Balkan countries, Romania could increase its share in European foreign trade from 1.1 per cent to 1.3 per cent, while Bulgaria also did so from 0.1 per cent to 0.3 per cent. However, the ratios for Greece and Serbia remained at the same level (0.3 per cent and 0.2 per cent respectively).¹⁷

Notwithstanding the fact that the level of foreign trade remained low in a European comparison, the population of the region increasingly consumed commodities imported from Western Europe, America and the colonies of European powers in East Asia and elsewhere. The colonial goods included sugar, coffee and dyestuffs, which began to crowd out similar products from the Mediterranean and Arabia. Moreover, the import of finished goods, such as textiles, hardware and glass showed an even greater dynamism,¹⁸ similar to some semi-finished products, particularly yarn. In Serbia, the share of textiles and yarn was 17 per cent of total import in the second half of the 1860s, while it rocketed to 29 per cent in 1910.¹⁹ Commercialisation was not unbridled. Constraints were, for example, shown by the fact that self-sufficiency in the manufacturing of woollen cloth in households made up 73 per cent of total consumption for this item in Bulgaria in 1903, and similar rates can be seen elsewhere in the Balkans as well. Prior to the First World War, women would on average spend 200 work-days on manufacturing textiles for household consumption in rural Bulgaria.²⁰

In the European provinces of the Ottoman Empire, the proportion of urban population was relatively high compared to its economic development: northern Bulgaria had a 15–18 per cent urban population in 1866, and a similar proportion can be seen in Bosnia and Herzegovina as well as in Greece, which had already won its independence at that time.²¹ This relatively high ratio of urban dwellers was, however, rather a result of administrative and military functions than a reflection of diversified economic activities. Thus, the dissolution of the Ottoman rule often resulted in a process of de-urbanisation, which took place in its most pronounced form in Serbia, or initiated a rather protracted urban development in the region. The dilatory urban areas in the Balkans were less able to pioneer in the transformation of consumption patterns compared with their more dynamic counterparts in other regions of the

¹⁷ Ivan T. BEREND/György RÁNKI, *Európa gazdasága a 19. században, 1780–1914*. Budapest 1987, 615.

¹⁸ QUATAERT, *The Ottoman Empire*, 128.

¹⁹ SUNDHAUSSEN, *Historische Statistik Serbiens*, 354f.

²⁰ PALAIRET, *The Balkan Economies*, 279.

²¹ *Ibidem*, 26f.; Yannis YANNOULOPOULOS, *Greek Society on the Eve of Independence*, in: Richard CLOGG (ed.), *Balkan Society in the Age of Greek Independence*. London, Basingstoke 1981, 18–39, 32; Stevan PAVLOWITCH, *Society in Serbia, 1791–1830*, in: *Ibidem*, 137–156, 139.

continent. Yet the Balkan urban dwellers were still important with regard to the level and patterns of consumption, as they were on average richer than villagers. In Serbia, for example, monthly incomes averaged 182 dinars in towns compared to 112 dinars in villages around 1863.²² At the same time, the average disguised the greater income differences in towns, as this was pushed up by the urban elite including officials, merchants and the literate classes even while the majority of the urban population was composed of more modest craftsmen, employees and their families. The elite were the major beneficiaries of up-market imports from Western and Central Europe.²³

Not only was the population of villages more modest, but they also acquired products in different ways. Village dwellers mostly traded at fairs, rather than at urban markets. Urban merchants began to set up a greater number of shops in villages during the 1860s in Serbia, and mostly in northern territories, such as Požarevac, where the greatest interest was in pig trade that oriented towards Hungary. Rural trade diffused much less in the interior, in part due to the fact that shops were strongly taxed. However, opening shops did not only encounter fiscal obstacles. Setting up a shop depended on state concessions, which were granted restrictively on the one hand out of fear of rural debt and on the other hand to protect the interests of urban shopkeepers and craftsmen.

Commercialisation arriving in the form of village shops often initiated conflicts in local societies in the 1880s. Peasants of Homolje district in Serbia lamented that village shops made young people steal food from their own families to sell in exchange for worthless goods on display in local shops. The subprefect of the Morava district insisted that peasants considered village shops necessary only if they traded essential goods, such as salt, sugar, spices, rice, iron and agricultural tools. Other types of products, such as textiles and jewellery were considered corrupting.²⁴ Authorities took actions to isolate the rural population from these negative influences of the commercial world. The Village Commercial Store Acts of 1871 and 1891, which remained in force until 1929, regulated the opening of shops in rural settlements and prohibited the sale on a range of products considered luxurious by the authorities including tea, coffee, finer textiles and more sophisticated cooking utensils.²⁵ Prior to 1900 several trader were penalised in Serbia because they sold combs that were considered luxurious by the local authorities. With the foundation of Yugoslavia, Serbian villagers were confronted by the fact that in the Croatian and Slovenian territories, no restrictive rules concerning village shops existed, thus, in the new country everyday life of rural populations was in effect regulated by different laws.²⁶

²² PALAIRET, *The Balkan Economies*, 124.

²³ YAVUZ KÖSE, *Westlicher Konsum am Bosphorus. Warenhäuser, Nestlé & Co. im späten Osmanischen Reich (1855–1923)*. München 2010.

²⁴ PALAIRET, *The Balkan Economies*, 122.

²⁵ Andrew C. JANOS, *East Central Europe in the Modern World. The Politics of the Borderlands from Pre- to Postcommunism*. Stanford/CA 2000, 144.

²⁶ DEMETER, *A Balkán és az Oszmán Birodalom*, vol. 3, 43.

2. *The Era of the World Wars*

In the interwar period real wages increased slightly or even declined in Southeastern Europe. In Serbia, for example, industrial real wages amounted to 86.5 per cent of the pre-WWI level in 1930, but declined to 77.5 per cent in 1939.²⁷ As a result, income levels in the region diverged from British, French or German levels. In Serbia, the average income level had amounted to 21.3 per cent of the British level between 1909 and 1913, and then it decreased to 16.3 per cent by the 1930s.²⁸ The lagging of other countries in the region increased even more dramatically in that period. Greece was an exception in this respect, where economic performance improved outstandingly in the interwar period and impacted favourably on incomes as well. This overall lack of development meant considerable limitations on the transformation of consumption in most of the countries of the Balkans.

These trends were also confirmed by specific anthropometric welfare measurements that correlate human stature – that is height – with living standard and, in particular, with nutrition and health care. In general, heights tended to increase in all European societies during the first decades of the 20th century, but the dynamics of growth varied. These changes reflect improvements in nutrition, but also show gradual shifts in other factors including income and public health. In the early 20th century the Balkans had a relatively good nutrition status based on subsistence farming, which provided much of the population with substantial amounts of protein and minerals. Stature increased somewhat in interwar Southeastern Europe as well, but all other major regions of Europe underwent a more dynamic stature development.²⁹

Only sporadic data are available on the structure of consumption from the interwar decades in Southeastern Europe. Notwithstanding this fact, it can safely be claimed that the rate of household expenditures for food always superseded those of Western European societies, and mostly conformed to the Southern European pattern. It seems, however, that expenditure on food was not a budgetary priority of the average Southeastern European household in the interwar period, facilitated by the fall of agricultural prices due to the Great Depression. In contrast, the level of expenditures spent on consumer durables and housing increased to some degree.³⁰

Besides consumer preferences, the specificities of consumption patterns were mostly a result of lower Southeastern European purchasing power, especially with regard to the variety and type of goods on the market as well as the forms of trading. Symptomatically, the spread of consumer durables in Southeastern Europe, which appeared in greater numbers in this period, was not as diverse as in Southern and Central Eastern European countries. In 1938,

²⁷ CALIC, *Sozialgeschichte Serbiens*, 384.

²⁸ WILLIAMSON, *Real Wages and Relative Factor Prices*, 62.

²⁹ ROBERT MILLWARD/Joerg BATEN, *Population and Living Standards, 1914–1945*, in: Stephen BROADBERRY/Kevin H. O'ROURKE (eds), *The Cambridge Economic History of Modern Europe*. Vol. 2: 1870 to the Present. Cambridge 2010, 232–263, 260.

³⁰ DEMETER, *A Balkán és az Oszmán Birodalom*, vol. 1, 469; DEMETER, *A Balkán és az Oszmán Birodalom*, vol. 3, 346–352, 378.

passenger car ownership was only 1 per 1,000 inhabitants in Romania, 0.8 in Yugoslavia and 1.2 in Greece, while it amounted to 42 in Great Britain, 21 in Germany and 7.9 in Italy.³¹ Moreover, the diffusion of less expensive durables was also slow. Only 17 radio receiver permits were obtained per 1,000 inhabitants in Romania in 1937, and this rate was 9 in Yugoslavia and 3 in Greece, while 182 in Great Britain, and 44 devices were registered per 1,000 inhabitants in Hungary in the same period.³² Perhaps, an even greater underdevelopment can be seen with regard to the density of telephones, which surfaced universally in the Southeastern European countries. The phone density in 1939 was 7 lines per 1,000 inhabitants in Greece, 5 in Bulgaria, 5 in Romania and 4 in Yugoslavia, while it reached 19 in Hungary and 42 in Austria.³³

Commercialisation further advanced in interwar Southeastern Europe, yet the consumer culture of village dwellers remained characterised by the important role of self-sufficiency, especially in food consumption, but also with regard to clothing and furnishings. Clothes were often sophisticated, but other everyday objects were either fairly simple or even missing altogether. As Rudolf Bičanić reported as late as in the mid-1930s, in the western part of Bosnia and Herzegovina (namely the districts of Banja Luka, Bugojno, Livno, Prozor and Duvno [today Tomislavgrad]), most of the Croatian households did not have a single bed, with people instead sleeping on the floor. This was largely due to financial restraints but other factors also played a role: either they did not have enough space for beds in the relatively small houses or people had simply never become accustomed to needing them. All in all, Bičanić estimated that three-quarters of Croats did not possess beds of their own in the 1930s.³⁴

In the Balkan region, particularly in Yugoslavia and Romania, new economic doctrines were launched in the interwar period to foster industrialisation, which largely were at the expense of agriculture. Moreover, most Balkan governments increased tax levies on consumption, particularly on articles such as salt, sugar, tobacco and textiles as well as imported industrial products bought by peasants. The negative economic effects on peasants were further enhanced by the Great Depression, which led to decreased incomes for peasants, as the prices of agricultural products fell faster and further than those of industrial goods.³⁵ These factors considerably decreased the purchasing power of the rural population and decelerated the change of consumption patterns.

³¹ August S. DEATON, *The Structure of Demand in Europe. 1920–1970*, in: Carlo M. CIPOLLA (ed.), *The Fontana Economic History of Europe: The Twentieth Century*. Vol. 1. Glasgow 1976, 109–126, 124.

³² Göran THERBORN, *European Modernity and Beyond*. London 1995, 141; Brian R. MITCHELL, *European Historical Statistics, 1750–1975*. London 1975, 700–703.

³³ Wolfram FISCHER, *Wirtschaft, Gesellschaft und Staat in Europa, 1914–1980*, in: IDEM, et al. (eds), *Handbuch der europäischen Wirtschafts- und Sozialgeschichte*. Bd. 6: *Europäische Wirtschafts- und Sozialgeschichte vom Ersten Weltkrieg bis zur Gegenwart*. Stuttgart 1987, 10–211, 150.

³⁴ Rudolf BIČANIĆ, *How the People Live. Life in the Passive Regions (Peasant Life in Southwestern Croatia, Bosnia, and Hercegovina; Yugoslavia 1935)*. Amherst/MA 1981, 115f.

³⁵ Derek H. ALDCROFT, *Europe's Third World. The European Periphery in the Interwar Years*. Aldershot 2006, 73; DEMETER, *A Balkán és az Oszmán Birodalom*, vol. 3, 347f.

Consumption patterns of the urban population changed more dynamically in comparison to the rural population, although modern forms of commerce, such as the department store, appeared quite late and spread relatively slowly in Southeastern Europe. Besides the moderate supply of new forms of commerce, major reasons for limitations of demand can be coupled with factors such as the relatively small size of the middle class with great enough purchasing power to afford new consumer articles and their affinity to traditional customs of consumption.

3. Post-War Southeastern Europe

After the Second World War and the establishment of communist regimes, the diversity of Southeastern Europe with regard to consumption greatly intensified. Market economy was preserved in one part of the region (Greece), while the majority of the means of production was nationalised in other countries with centrally planned economies established, which had a profound impact on the everyday practice of consumption. Yet, eventually, considerable cleavages emerged within the group of communist countries, manifesting not only politically but also socially and economically, and thereby in the realm of consumption as well. Secluded for decades, Albania had preserved the Stalinist heritage of forced industrialisation and the complete isolation from the West, which resulted in the unmitigated suppression of consumers' aspirations. Later, Bulgaria and Romania endeavoured to adapt certain elements of consumer society, though this was not a linear process. In this respect the grand outlier was Yugoslavia, not only in the Southeast European region, but also in the whole communist world system. On the one hand, Yugoslavia had established close economic relations with western countries from the 1960s. On the other hand, the model of economic management in Yugoslavia took consumer needs into consideration to a great extent.

Information on real wages is unreliable, although systematic data series are available for this period with regard to the GDP. Nevertheless, a detailed investigation of these tendencies is unnecessary here, as they have been examined in a previous chapter. Nonetheless it is worth pointing out that Southeastern Europe showed significant growth in the second half of the 20th century, albeit with considerable internal differences. With respect to the unweighted average of the five countries of the region – that is Albania, Bulgaria, Greece, Romania, and Yugoslavia – GDP per capita increased by 220 per cent between 1950 and 1990. Consequently, the region as a whole neither converged to nor diverged from the most advanced economies of Europe in the decades after the Second World War. Regional differences, however, are shown by the fact that the growth rate of GDP per capita was 422 per cent in Greece, 273 per cent in Yugoslavia, 197 per cent in Romania, 239 per cent in Bulgaria, and 149 per cent in Albania.³⁶ On a country specific level, Greece started to catch up with Western Europe in this period. And for a considerable period time, Yugoslavia had also followed this path, although with extreme internal differences, but a severe economic crisis impacted

³⁶ MADDISON, *The World Economy. Historical Statistics*, 68f., 100f.

the entire country at the beginning of the 1980s.³⁷ The other three communist countries were also characterised by a modest growth performance in a comparative context, followed by a straightforward relative economic decline in the second half of the 1980s.³⁸

Economic output often represents a misleading image concerning levels of consumption, and problems thereof readily surfaced in communist countries in particular. The gross capital formation rate that increased everywhere in the Southeastern European communist countries considerably influenced the level of consumption in the decades after the Second World War. Capital formation was approximately 18–25 per cent of GDP in most of the countries in the first half of the 1950s, and in some years it even reached 30 per cent of GDP. In most of the centrally planned economies investment activity continued to grow, though with strong fluctuations until the end of the 1970s, with its peak in the mid- to end- of the 1970s.³⁹ For example, investment averaged 34.1 per cent of national income in Romania between 1971 and 1975. Similar ratios could be observed in Bulgaria for this period. These indicators far exceeded the rates in Western Europe of the same period, which were generally around 25 per cent.⁴⁰ Another important characteristic of the region, and the centrally planned economies in general, was the considerable fluctuation of consumption level as a result of the changes in capital accumulation ratios, which originated from the shifts in public policy, political crises and economic exigencies.⁴¹ This fluctuation often even decreased the level of consumption in its absolute value in the first half of the 1950s, and the volatility of investment rates remained quite substantial later as well. The coefficient of variation of the annual average growth rate of investment was 278 per cent in Yugoslavia between 1960 and 1989, while this coefficient was, for example, 127 per cent in Austria in the very same period.⁴²

The high level of capital accumulation decreased resources available for consumption in Southeastern European communist countries in the post-war decades, which was occasionally offset by foreign loans. Resorting to Western credits accelerated in the 1970s, however, new external resources could only be mobilised until the early 1980s. After this period, amortisation of loans made them increasingly expensive, whereby domestic consumption often fell below the level of economic output in these countries. This process prevailed in Romania particularly acutely, where the forced pace of repayment of foreign loans in the 1980s resulted in a supply of goods that was even more scarce than before.⁴³

³⁷ JANOS, *East Central Europe in the Modern World*, 278.

³⁸ Włodzimirz BRUS, 1957 to 1965. In *Search for Balanced Development*, in: M. C. KASER (ed.), *The Economic History of Eastern Europe, 1919–1975*. Vol. 3: *Institutional Change Within A Planned Economy*. Oxford 1986, 70–138; János KORNAI, *Erőltetett vagy harmonikus növekedés*. Budapest 1972.

³⁹ Tamás BAUER, *Tervgazdaság, beruházás, ciklusok*. Budapest 1981, 197.

⁴⁰ For the change of investments, see: *Ibidem*, 263.

⁴¹ Jaroslav KREJČI, *National Income and Outlay in Czechoslovakia, Poland and Yugoslavia*. New York 1982, 24f.

⁴² KORNAI, *The Socialist System*, 191.

⁴³ Iván T. BEREND, *Central and Eastern Europe, 1944–1993. Detour from the Periphery to the Periphery*. Cambridge 1996, 230–232.

The specific composition of capital accumulation had a similarly important impact on the consumption patterns of the communist countries in the region. Namely, housing and other infrastructural investments were underrepresented in investments that exerted a detrimental effect on the level and quality of consumption in the centrally planned economies.

Greece was able to increase the level of consumption and capital formation above GDP for a long period of time. The gap between output and consumption began to widen from the mid-1980s. Financing the growing discrepancy was based on a net capital inflow mostly represented by foreign borrowing but also from expatriates' remittances and – from the early 1980s – EC transfers. After 1989, EC transfers became the largest component of net capital inflow for Greece.⁴⁴

3.1 Structural Characteristics

The structure of consumption also underwent transformation in Southeastern Europe after the Second World War. On the one hand, the share of collective consumption increased in total consumption, except for Greece, where it remained relatively low. On the other hand, the ratio of social benefits in kind (health care, recreation, education, nursery school etc.) provided to the population increased in the communist countries. Their importance within consumption was especially extensive in comparison to Southern European countries with similar levels of development.⁴⁵

Notwithstanding these trends, private consumption always dominated overall consumption in the examined period, and Southeastern Europe shared important international developments in this regard. As in Western Europe, expenditures on food, and particularly on clothing, decreased in household budgets; while the proportion for transportation, communication, housing, heating, energy, culture and leisure increased. However, these changes were not as fundamental as in Western Europe, with peculiar tendencies appearing in certain periods.

In spite of the decrease, the high ratio of expenditures on food in household budgets was still evident in an international comparison. What is more, the gap between the examined region and the western part of the continent widened in the post-war decades. For example, households spent more than half of their budget on foodstuff in Yugoslavia in 1960, and this ratio was still 42.1 per cent in 1977 as compared to the Western European average of 25–30 per cent. In Yugoslavia, regional disparities were immense as far as incomes were concerned. In 1987 the net annual average income of employees was 3.1 million dinars in Slovenia, 2.2 million dinars in Croatia and 1.4 million dinars in Macedonia as well as in Kosovo.⁴⁶ These differences obviously had a major impact not only on the level of consumption but on the structure of consumer expenditures as well, including the share of spending on food. Des-

⁴⁴ Nicholas G. PIROUNAKIS, *The Greek Economy. Past, Present, and Future*. Houndmills 1997, 25.

⁴⁵ Ilona KOVÁCS, *Fogyasztási szerkezetek nemzetközi összehasonlításban*, *Statisztikai Szemle* 65 (1987), no. 10, 984–1000, 988.

⁴⁶ Harold LYDALL, *Yugoslavia in Crisis*. Oxford 1989, 190–192.

pite the accelerated decrease of the 1980s, the people of Southeastern Europe still spent a surpassingly high amount of money on food in 1990. Greece diverged somewhat from the Southeastern European pattern in this respect, since around 1970 a lower percentage of the budget was spent on food.⁴⁷

One of the reasons of the above mentioned process was that per capita food consumption considerably increased from the mid-1950s, and in several Southeastern European countries the consumption of basic foodstuff (flour, meat, eggs etc.) soon reached the general level of Western European countries. The population experienced this as a great achievement after the scarce food provision, and occasionally even complete lack, of the immediate post-war years and the early 1950s. Food provision remained an important political question in the communist countries of the region, with problems in food supply returning from time to time. For instance, the supply deteriorated once again in Romania in the early 1980s.⁴⁸ Yugoslavia was an exception in this respect: the relative high standard of food supply and the wide selection of consumer goods in general was a considerable advantage and had always constituted a substantial element of the regime's legitimacy, as opposed to many other communist countries. Food and clothing together totalled to such a high rate of expenditures in the early post-war decades in Southeastern Europe that the share of other goods and services seemed to be inevitably low in an international comparison. The latter is especially valid for housing, heating and household energy, but the share of transportation and communication also ranked low among the expenditures of private consumption in the centrally planned economies of the region. This is related to, on the one hand, the state subsidies for public transport and railway, which kept the prices of tickets low. On the other hand, telecommunication was characterised by a considerable shortage in the whole period: the supply of homes with telephones was quite scarce in all countries. The telephone density was 116 main lines per 1,000 inhabitants in Yugoslavia in 1986. Even Bulgaria ranking first in this respect could not realise any breakthrough in this field amidst the conditions of a shortage economy with a density of 151 main lines per 1,000 inhabitants in the same year. Greece, however, was a clear outlier in the region with a much greater phone density reaching 330 main lines per 1,000 inhabitants in 1986.⁴⁹

Furthermore, motorisation started quite late compared to Western Europe. In 1960 only 3 passenger cars per 1,000 inhabitants were registered in Yugoslavia and 1 in Romania, while 121 in France and 57 in Austria.⁵⁰ Cars owned privately only began to spread at a higher rate in Yugoslavia in the 1970s, reaching 70 cars per 1,000 inhabitants in 1975 and 131 by 1989.

⁴⁷ DEATON, *The Structure of Demand in Europe*, 106.

⁴⁸ Jill MASSINO, *From Black Caviar to Blackouts. Gender, Consumption, and Lifestyle in Ceaușescu's Romania*, in: Paulina BREN/Mary NEUBURGER (eds), *Communism Unwrapped. Consumption in Cold War Eastern Europe*. Oxford 2012, 226–249; Liviu CHELCEA, *The Culture of Shortage During State-Socialism. Consumption Practices in a Romanian Village in the 1980s*, *Cultural Studies* 16 (2002), no. 1, 16–43.

⁴⁹ KORNAI, *The Socialist System*, 304.

⁵⁰ MITCHELL, *European Historical Statistics*, 672.

Bulgaria kept pace from the 1980s, even though the cars mostly imported from the Soviet Union were of lower quality, while the boom in car ownership in Romania and Albania only occurred in the 1990s, which was also reflected in the structure of consumption expenditures. With regard to the level of motorisation, Greece hardly deviated from the general trends in the region for a long time, with the density and diffusion of cars basically conforming to those of Yugoslavia, increasing from 5 to 116 per 1,000 inhabitants between 1950 and 1990.⁵¹ A section of expenditures, including education, culture, recreation, holidays and sport, however, made up a significantly high and dynamically increasing proportion of all consumption expenditures in the communist countries. It can be argued that the latter could be chiefly attributed to the already mentioned substantial share of those benefits, which were in kind and free or for nominal price, such as nursery care and the use of company holiday homes.⁵²

3.2 Social Differences within Consumption

Compared to the interwar period, the income structure fundamentally changed in the communist countries with a rapid equalisation of incomes.⁵³ A particularly great transformation commenced in the status of workers in relation to other social groups. The salaries of teachers, doctors and other intellectual professions were generally set to approximate the wages of workers. Moreover, white-collar industrial employees only earned 42 per cent more than industrial workers in Bulgaria in 1960. The differentiation in each occupational group was also moderated: skilled workers could only expect a 5–10 per cent higher income than their unskilled counterparts.⁵⁴ Political priorities, such as urbanisation and industrialisation, were also neatly reflected in the relatively low incomes of agricultural labourers. In Yugoslavia strict government control over remuneration in self-managed companies was eased in 1952 allowing higher pay differentials according to skills.⁵⁵

Obviously, these tendencies had an impact on patterns of consumption as well, namely with the general equalisation of incomes, consumption was mostly homogenised too. However, in the communist countries the distribution of incomes did not properly represent consumption inequalities due to several factors.⁵⁶ In this respect, the system of price subsidies, and the unequal access to products in short supply need to be emphasised.

The complex endeavour of price subsidies can best be demonstrated by the example of the housing sector. Most houses and flats in towns and cities were nationalised in Southeastern

⁵¹ THERBORN, *European Modernity and Beyond*, 142f.

⁵² Ilona KOVÁCS, Nemzetközi tendenciák a személyes fogyasztás alakulásában, *Statisztikai Szemle* 62 (1984), no. 7, 712–714, 712.

⁵³ Jens GIESEKE, Soziale Ungleichheit im Staatssozialismus. Eine Skizze, *Zeithistorische Forschungen/ Studies in Contemporary History* 10 (2013), no. 2, 1–33.

⁵⁴ Walter D. CONNOR, *Socialism, Politics, and Equality. Hierarchy and Change in Eastern Europe and the USSR*. New York 1979, 231.

⁵⁵ BRUS, 1957 to 1965, 38.

⁵⁶ David R. HENDERSON/Robert M. McNAB/Tamás Rózsás, The Hidden Inequality in Socialism, *The Independent Review* 9 (2005), no. 3, 389–412.

European communist countries in the post-war years. In contrast, private ownership of houses in villages was almost exclusively left untouched. This led to considerable inequalities, as only the urban population had access to flats, of which the rents were subsidised to a great extent. Almost the entire village population, however, were responsible for their own housing; in other words, village dwellers had to build and maintain their own homes. Moreover, it has been demonstrated by empirical studies that the income level of the tenants hardly reflected the allocation of rental flats in the cities; those of a higher social standing were clearly over-represented among tenants renting well-located, sizable apartments in a good state of maintenance and at very affordable rates. Thus, a greater share of professionals, white collars, and highly qualified workers received publicly built or publicly owned flats than lower income semi-skilled and unskilled workers. In light of typical income levels, buying a home involved an extraordinary financial burden during this period. The monthly rent subsidy of a newly built state flat was almost equal to the monthly wage of an industrial worker in most of the European communist countries.⁵⁷

The hidden system of inequalities in consumption – directly correlated with the general shortage of goods – was more extensive in reality than the above mentioned more or less public inequalities of distribution. Thus, due to the conditions of a shortage economy, only those who had proper informal connections – generally small groups privileged by the regime such as party leaders, members of the party bureaucracy, leading sportsmen/women and scientists – could have access to better quality or more exclusive products. For citizens belonging to the higher echelons of society, special shops readily sold goods hardly available in other stores. Chains of hard-currency stores, such as *Comturist* in Romania and *Corecom* in Bulgaria, were also inaccessible to ordinary citizens – but those privileged groups authorised to travel and who possessed hard currency were able to shop there. This definitely contributed to the fact that the real inequalities of consumption were greater than could be expected on the basis of income distribution data in Southeastern European communist countries.

3.3 Practices of Consumption

Regarding changes to the everyday practice of consumption, the shortage and subsequent rationing of goods, especially of food in the early post-war years, were mostly inherent consequences of the destruction of the war and the wartime economic disorganisation in the Balkans. However, while the supply of goods, foodstuff and services stabilised in Greece and Yugoslavia within a couple of years, in other countries of the Southeast European region shortage prevailed after the communist takeover and the establishment of the new socio-economic system. The first half of the 1950s can be considered as the typical period of a shortage

⁵⁷ Iván SZELÉNYI, Social Inequalities in State Socialist Redistributive Economies. Dilemmas for Social Policy in Contemporary Socialist Societies of Eastern Europe, *International Journal of Comparative Sociology* 19 (1978), no. 1–2, 63–87, 67; Brigitte LE NORMAND, The House That Socialism Built. Reform Consumption, and Inequality in Postwar Yugoslavia, in: BREN/NEUBURGER (eds), *Communism Unwrapped*, 351–373, 359.

economy in the region. Shortages in these systems did not emerge sporadically, but rather routinely; in other words, they persistently appeared in the spheres of consumer goods and services, foreign currencies, import products and other resources. In particular, high-quality products were in short supply.⁵⁸ This way shortage greatly affected the behaviour of both consumers and other economic actors.⁵⁹

Concerning trade during this period, it was often impossible to acquire the most basic goods, including such foodstuff as bread, meat or cheese. Imported products were practically absent from shops.⁶⁰ Due to the chronic shortage, consumers either endeavoured to acquire vital goods and services through bureaucratic distribution processes, for example either through advance booking and allotment, or they had to queue for these products and services, or they bought them on the black market. Thus, waiting lists, hunting and gathering as well as black-marketing became essential ways to gain access to goods and services.⁶¹ Moreover, people became more self-reliant in their subsistence and focused on maintenance and repairs regarding durables.

A particularly acute shortage appeared on the housing market as well as in the supply of telephones and cars, but shortage and quality problems could also be witnessed in case of other services and minor consumer durables. In part due to this severe shortage, corruption became a general practice in health care in most of the countries of the region. Even though health care was free, patients would still pay extra sums to doctors and nurses, essentially bribing them, in order to try to receive special treatment, a better place in the hospital, or simply proper attention for themselves or for their children.

Moreover, due to the unsatisfactory supply of goods, various forms of informal economy developed. A common characteristic of these activities is that they generally did not primarily aim at tax evasion as informal businesses usually do in market economies, but rather they arose in reaction to shortage situations and economic constraints. The semi-legal or “grey market” included renting a flat or a holiday house, repairing cars, extra classes for pupils, medical care and several other service activities. They were usually performed after work, but sometimes also during work time. The “brown market”, which was regarded as illegal, consisted of transactions and exchanges of those products that were occasionally available in state-run shops but were mostly in short supply. Finally, the black market covered the trade of those products which were acquired by some criminal activity, such as selling alcohol in disregard of the monopoly of the state.⁶²

⁵⁸ Rossitza GUENTCHEVA, *Material Harmony. The Quest for Quality in Socialist Bulgaria, 1960s–1980s*, in: BREN/NEUBURGER (eds), *Communism Unwrapped*, 140–163.

⁵⁹ For the classical description of the system, see János KORNAI, *A hiány*, Budapest 1980.

⁶⁰ Patrick Hyder PATTERSON, *Risky Business. What Was Really Being Sold in the Department Stores of Socialist Eastern Europe?*, in: BREN/NEUBURGER (eds), *Communism Unwrapped*, 116–139.

⁶¹ Luminita GATEJEL, *The Common Heritage of the Socialist Car Culture*, in: Lewis H. SIEGELBAUM (ed.), *The Socialist Car. Automobility in the Eastern Bloc*. Ithaca/NY, London 2011, 143–156, 155; KORNAI, *The Socialist System*, 236.

⁶² Jerzy KOCHANOWSKI, *Jenseits der Planwirtschaft. Der Schwarzmarkt in Polen, 1944–1989*. Göttingen 2013, 14–16.

It variably changed what authorities banned and permitted according to specific era's and countries, moreover it also varied how authorities implemented laws in a way that more lenient periods were followed by stricter controls. Authorities often disregarded forbidden or restricted activities, but on other occasions they launched campaigns to quench them. A good example for the activities once banned and then tolerated in the grey economy, is moonlighting. Means of production could barely be owned privately; therefore employees often used machines, tools, raw materials and transport vehicles of their workplaces – that is belonging to the state or cooperative branches – for private purpose production. This kind of production usually served individual needs or those of their family, and often aimed to supplement shortages in products or services and became a specific form of self-provision. Besides this, the grey market also included the trade transacted by tourists, who, for example, established a wide network of exchange in legal or semi-legal goods in Romania in the 1980s.⁶³ Wares often imported from neighbouring countries through “entrepreneurial tourism” included contraceptive pills, which were banned in the country, as well as good quality soaps, fashionable clothes or chewing gum, which were all in general shortage.

Yugoslavia constituted a specific case in this respect, where shortage was far less universal than in the other countries mentioned – at least until the downturn of the late 1970s. Because of its relative political and economic openness, especially its intensive foreign trade relations with Western European countries, travel possibilities and the high number of Yugoslavian guest workers in Western Europe from the 1960s, a series products were available there (e.g. jeans, records of Western European and American performers, or branded spirits) that mostly appeared only in the dreams of the consumers of other European communist countries.⁶⁴ The consumer-orientation manifested itself in the relatively sophisticated retail infrastructure as well: in the late 1970s, some 410 department stores operated in Yugoslavia including the well-known NAMA chain in Croatia.⁶⁵

However, Yugoslavia did share other characteristics of the consumption history of communist countries, foremost the important role of workplaces in the supply of goods and particularly of certain services. Although it was not uncommon in Western European countries either that companies provided certain welfare benefits to their workers, but this was considerably more extensive in Eastern European communist regimes. Factories and other workplaces established their own welfare institutions (such as nursery schools, sport associations, community centres, health centres and holiday homes). The maintenance and equipment of these were influenced by the size of the company and its access to resources: a giant industrial enterprise could sustain several nursery schools simultaneously, while a smaller company did not have such an opportunity at all. The distribution of some goods was also carried out

⁶³ Christina PETRESCU, *Entrepreneurial Tourism in Romania. A System-Stabilizing Factor?*, in: Włodzimierz BORODZIEJ/Jerzy KOCHANOWSKI/Joachim VON PUTTKAMER (eds), “Schleichwege”. Inoffizielle Begegnungen sozialistischer Staatsbürger zwischen 1956 und 1989. Köln 2010, 115–133.

⁶⁴ Patrick HYDER PATTERSON, *Bought and Sold. Living and Losing the Good Life in Socialist Yugoslavia*. Ithaca/NY, London 2011, 19–108.

⁶⁵ PATTERSON, *Risky Business*, 125.

through the workplace: companies purchased potato, apple and other basic foodstuff for their workers, using their own cars and employees. However, workplaces played the most important role in the allocation of flats and houses, as flats were considered to be the most sought-after shortage items. Some companies and institutions had lodgings, and, moreover, they even gained the right to appoint tenants – if they did not own those lodgings – or they could also determine which of their employees could purchase the flat.

Not only the consumption of food, clothing, household appliances and other products changed throughout the century, but leisure also underwent significant transformations. While going to the movies and owning a radio transformed how people spent their leisure time, the influence these media exerted was mostly limited to the middle classes and the middle decades of the century. Television had a much more profound impact on leisure in this region. Regular television broadcasting started in 1956 in Yugoslavia (specifically in Zagreb), 1957 in Romania, 1959 in Bulgaria and in 1960 in Albania, while Greece lagged behind in this respect with regular programmes not commencing until 1970.⁶⁶ Television airtime was initially rather limited: 26 hours a week in Romania and 24 hours in Yugoslavia in 1960.⁶⁷ Programmes expanded considerably along with the diffusion of television sets during the 1960s and the early 1970s. In 1960, there were only 3 television subscriptions per 1,000 inhabitants in Romania, 1.4 in Yugoslavia and 0.6 in Bulgaria.⁶⁸ In 1975, there were 139, 159, and 225 respectively while it was 2 in Albania and 106 in Greece.⁶⁹ Similar to Western European societies, television played an increasingly large role in leisure and by the 1990s watching television became by far the most prominent form of spending one's leisure time, Greece becoming among the leaders in Europe with 212 minutes average daily viewing time per individual in 1998.⁷⁰

After the Second World War, the dynamic market penetration of movie theatres, radios, and later television sets in the communist countries was far less commercial in nature than in Western Europe. On the contrary, these new media became vehicles of political control regularly used by governments for purposes of mass indoctrination. People listening to the radio and watching the television spent their leisure time in ways much in line with the political objectives of the regime, fitting in well with its expectations concerning the preferred structure of public communication. Easy to control centrally, these forms of media were highly fit for propaganda purposes; they offered the general population forms of entertainment typically enjoyed by individuals in isolation, and, in addition, they were affordable. During the first few decades of the television era, programming largely consisted of the same genres as Western European public service television channels: films, sports and news. At the same time, with the exception of Yugoslavia, special care was taken to ensure that the programming was

⁶⁶ Eli NOAM, *Television in Europe*. Oxford 1991, 264, 282–284.

⁶⁷ UNESCO, *Statistics on Radio and Television, 1950–1960*. Paris 1963, 86f.

⁶⁸ DEATON, *The Structure of Demand in Europe*, 125.

⁶⁹ UNESCO *Statistical Yearbook, 1992*. Paris 1992, 9–14.

⁷⁰ Wilfried SCHULZ, *Television Audiences*, in: Jan WIETEN/Graham MURDOCK/Peter DAHLGREN, *Television Across Europe. A Comparative Introduction*. London 2000, 113–134, 124.

dominated by domestic production and programmes sourced from within the Eastern Bloc, one reason being the shortage of foreign exchange. Undoubtedly, television was less of a vehicle for promoting consumer culture than in Western European societies; advertisements, for example, played a much less prominent role in television broadcast of the region than in those of Western Europe.

4. Developments at the Turn of the Millennium

The late 20th century brought about fundamental changes in the consumption history of the Balkans. On the one hand, due to the fall of communism, Romania, Bulgaria and Albania became market economies and in these countries the diffusion of Western consumption patterns accelerated. On the other hand, Yugoslavia, which had the highest standard of living among the communist countries of the region earlier, was dissolved. This process in turn resulted in more considerable divergences than before, among successor states. While Slovenia strongly converged to Western European standards of consumption, the level of consumption in Serbia fell back to the stage experienced decades before. A further element in the rearrangement within the region was Greece's serious financial crisis after 2008. The effects of this crisis set Greece back to a standard of living similar to that experienced during the transformation crisis in the Southern European post-communist countries of the early 1990s.⁷¹ During the transformation crisis after the regime change, real incomes of the population fell considerably in most post-communist countries – though the rate of decline was not as significant as that for GDP and after the turn of the millennium it already reached the level of the early 1990s again. The negative impact of the transformation crisis on consumption was somewhat mitigated by the involvement of external financial resources in many countries. While Bulgaria, which already had a high level of indebtedness, could only take loans to a limited extent, in contrast, other countries (Romania, Slovenia and Albania) could resort to this as resource to a greater extent. After the EU accessions in 2007 and 2013, the new member states of the region became entitled to considerable EU financial subsidies, the net amount of which could even reach 4–5 per cent of annual GDP, and as a result also had a positive effect on the level of consumption.⁷²

Structural changes of consumption were not confined to the period of recession, but they became more dynamic once economic growth set in and started to conform towards Western European consumption patterns. Although leisure time did not rise substantially, the way of spending it changed considerably, namely, it became commoditised. The decisive change, however, occurred in relation to consumption culture, and especially, to consumer autonomy:

⁷¹ Michael MITSOPOULOS/Theodore PELAGIDIS, *Understanding the Crisis in Greece. From Boom to Bust*. Houndmills 2001, 120.

⁷² Ilona PÁLNÉ KOVÁCS, *Cohesion Policy in Central and Eastern Europe. The Challenge of Learning*, in: Simona PIATTONI/Laura POLVERARI (eds), *Handbook on Cohesion Policy in the EU*. Cheltenham 2016, 302–322, 311.

due to the enormous expansion of the variety of goods, it can be argued that consumer society arrived to the former communist countries of Southeastern Europe in the 1990s.⁷³

The most rapid transformation took place in retail trade within the market economy. In the communist period, shops were the distribution points of goods rather than a means of transacting commercial activities in a traditional sense. This was reflected not only in the supply of products, but also in the location of shops, their external and internal facets, and the presentation of wares as well as the service to customers. The formation of the market economy in the region changed the whole system fundamentally. The privatisation of commerce was among the first manifestations of this transformation through the establishment of a large number of small shops as the operation of these requires a relatively low amount of capital and little expertise. Therefore, while the development of trade pointed towards a concentration to Western Europe, a process of decentralisation unfolded in the early years of the market economy of Southeastern Europe. After this initial phase of decentralisation and establishment of small independently run shops, a similar development began in this region as well to what had already appeared in Western Europe.⁷⁴ Retail and supermarket chains were formed, which were often established by foreign companies. Fast food restaurant chains ranked among the first, including McDonald's and Burger King, which became the symbols of consumer society's expansion and Americanisation. In the beginning they offered their products at a relatively high price range, and thereby, they were the places of conspicuous consumption for the middle class. Not only was the sudden proliferation of large shopping malls suited for acquiring goods, but also for visiting these centres a means of entertainment for many people.⁷⁵

Although shops still only provided a more modest range of products than in Western Europe due to differences in customers' purchasing power, all in all they offered goods that were generally available and familiar to those in the rest of Europe and under increasingly similar conditions. Consequently, even though the level of consumption in relation to a consumer culture only slowly recovered in the post-communist countries, Southeastern Europe without doubt quickly converged to Western European levels after the regime change.

In this period, the diffusion of consumer durables accelerated in the region, especially in motorisation. The modern car had long been the symbol of a desired Western lifestyle for

⁷³ James PETTIFER, Albania. From Hunger to Consumer Society – A Price?, *Südosteuropa Mitteilungen* 51 (2011), no. 1, 71–74.

⁷⁴ Grigoriy KOSTINSKIY, Post-Socialist Cities in Flux, in: Ronan PADDISON (ed.), *Handbook of Urban Studies*. London 2001, 451–465, 455; Raymond J. STRUYK, Housing Privatization in the Former Soviet Block to 1995, in: Gregory ANDRUSZ/Michael HARLOE/Ivan SZELENYI (eds), *Cities after Socialism. Urban and Regional Change and Conflict in Post-Socialist Societies*. Oxford 1996, 192–213, 202f.; SZELENYI, *Cities under Socialism – and After*, in: ANDRUSZ/HARLOE/SZELENYI (eds), *Cities after Socialism*, 286–317, 312–314.

⁷⁵ Kai-Uwe HELLMANN, Das kommunistische Syndrom. Zum gegenwärtigen Entsprechungsverhältnis von Gesellschafts- und Identitätsform unter besonderer Berücksichtigung der Raum-Konsum-Relation, in: IDEM/Guido ZURSTIEGE (eds), *Räume des Konsums. Über den Funktionswandel von Räumlichkeit im Zeitalter des Kommunismus*. Wiesbaden 2008, 19–50, 39.

many people, and now the most current models suddenly became available for purchase in posh car showrooms without waiting time. Nevertheless, most of the population could only buy used cars, which were imported from Western Europe in great quantities. Electronic devices (initially colour television sets and VCR players, and later DVD players and mobile phones) also spread rapidly, primarily due to the population of this region also benefitting from a relative fall of price level of these products as a result of economic openness. Furthermore, electronic media and, especially among younger age groups, the Internet became an increasingly important field of consumption in Southeastern Europe as well as elsewhere in the world after the turn of the millennium.⁷⁶

Notwithstanding these developments, income inequalities considerably increased after the system change. In other words, large social groups were relatively disadvantaged from the beginning, with regard to being able to capitalise on the benefits of the formative consumer society. The system change brought about a great transformation in the differences between the city and the village. On the one hand, the supply of products and the communication network considerably improved in smaller settlements. Differences with respect to telephone density were already substantially moderated within a couple of years in many countries at the beginning of the 1990s. Additionally, this process was further advanced by the installation of mobile phone networks. New shops were opened in villages, too, or pedlars substituted the lack of shops. Overall, in villages there was a convergence in diversity and quality of consumption customary in cities. However, on the other hand, purchasing power changed in a most differentiated way according to territoriality: after the transformation crisis that brought about recessions of variable periods, incomes increased in larger cities while in most of the rural areas incomes did so more slowly or not at all. This income gap was, however, not only a fault line between the city and the village, but it also affected the relative growth or decline of entire regions. Even 20 years after the system change, the population of extensive areas in Romania and Bulgaria still have 30 per cent – or even less – purchasing power in relation to inhabitants of the respective capital cities.⁷⁷

⁷⁶ The State of Broadband as a Foundation for Sustainable Development. Paris 2015, 92.

⁷⁷ For regional income differences in post-communist countries see Michael FORSTER/David JESUIT/Timothy SMEEDING, Regional Poverty and Income Inequality in Central and Eastern Europe. Evidence from the Luxembourg Income Study, in: Ravi KANBUR/Anthony J. VENABLES (eds), Spatial Inequality and Development. Oxford 2005, 311–347; Philipp THER, Europe since 1989. A History. Princeton/NJ 2016, 132–144.

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