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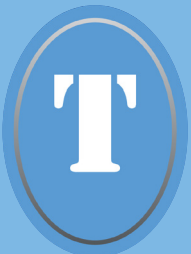
Prof. Dr. Tuncer Baykara ile Tarih ve Tarihçilik Üzerine Söyleşi

Tuncer Baykara

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EDİTÖRDEN

Değerli Okuyucu,

TARİHÇİ dergisinin üçüncü sayısında birbirinden farklı altı makale sizlerle buluşuyor. Ali Açıkkel, İngilizce kaleme aldığı makalede Osmanlı Devleti'nin Batı'daki gelişmeler karşısındaki tutumunu ve tepkilerini ele alıyor. Hülya Kaya Hasdemir, İlkçağ uygarlıklarından biri olan Asur İmparatorluğu'nda miras hukukunun nasıl uygulandığına dair ilginç bilgiler veriyor. Özgür Erbulut, 1897 yılında Tokat'ta yaşanan karışıklıklara ve bu karışıklıklar sonrasında işleyen hukuki sürece odaklanıyor. Božica Slavković Mirić, Sırp kaynaklarına dayanarak Yugoslavya Krallığına bağlı oluşturulan banovinalardan biri olan Vardar'ın ekonomik durumunu değerlendiriyor. Bilinen ilk tarih metodolojisi kitabının yazarı Samsatlı Lukianos'un hayatı ve *Tarih Nasıl Yazılır?* başlıklı eseri Elif Ayça Karaca'nın kalemile sizlere ulaşıyor. Nihayetinde Prof. Dr. Tuncer Baykara, tecrübelerini aktardığı söyleşiyle Tarihçi'ye konuk oluyor.

Birbirinden ilginç bu yazıların sizlere faydalı olması temennisi ile iyi okumalar dilerim.

FROM EDITOR

Dear User,

In the 3rd issue of the TARİHÇİ, six different articles are presented to you. Ali Açıkkel, in his article written in English, deals with the attitude and reactions of the Ottoman Empire to the developments in the West. Hülya Kaya Hasdemir gives interesting information about how the law of inheritance was applied in the Assyrian Empire, one of the ancient-age civilizations. Özgür Erbulut focuses on the turmoil in Tokat in 1897 and the judicial process after these turmoils. Božica Slavković Mirić, based on Serbian printed documents, evaluates the economic situation of Vardar, one of the banovinas that formed under the Kingdom of Yugoslavia. The life of Lucian of Samosata, the author of the first known methodology book in historiography, and his book titled *How to Write History* reaches you with the pen of Elif Ayça Karaca. Finally, Prof. Tuncer Baykara is the guest of the TARİHÇİ with his interview about his experiences.

I hope these interesting articles will be useful to you. I wish you a good reading.

EDITOR

An Overview of Economic Situation in the Vardar Banovina within the Kingdom of Yugoslavia*

Yugoslavya Krallığı İçinde Yer Alan Vardar Banovinasının Ekonomik Durumunu Genel Bir Bakış

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Abstract

In our paper, we will pay attention to the period between the two world wars, when the Kingdom of Yugoslavia was divided into nine banovinas. We will try to give an overview of the economic situation in the Vardar Banovina. The research questions were whether the budgets were sufficient to modernize the banovina and what the Yugoslav state did to help the banovina in that direction. In this research, the historical method was used by being analyzed the printed archive documents, the books that dealt with the topic and newspapers. The main finding of the article is that the economy of Vardar Banovina, due to the general economic crisis, was guided by the need for savings. The banovina sought help from the Yugoslav state to cover expenses. Upon this request, it has been approved a loan of 100 million dinars for 15 years. Another finding is that the Yugoslav state undertook the strictest control over the fulfillment of tax obligations. Also, in order to improve finances, excise duties were increased and the administration was reduced. The main conclusion of the study is that the area of the

* The paper was created as a result of work in the Institute for Recent History of Serbia, which is financed by the Ministry of Education, Science and Technological Development of Republic of Serbia, and on the basis of the Agreement on realization and financing of scientific research work of Scientific research organization in 2021 no. 451-03-9 / 2021-14 / 200016 dated 5 February 2021.

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Vardar Banovina, in addition to state aid, remained undeveloped and passive as long as it existed.

Keywords: Vardar Banovina, The Kingdom of Yugoslavia, Ban, Fiscal Problems

Özet

Çalışmamızda Yugoslav Krallığının banovina adlı dokuz yönetim birimine ayrıldığı iki savaş arası döneme odaklanacağız. Vardar Banovinasının ekonomik durumunu genel olarak değerlendirmeye çalışacağız. Araştırmanın problematiği, bütçenin Vardar Banovinasının modernize edilmesine yeterli olup olmadığı ve Yugoslav devletinin banovinaya bu açıdan nasıl bir yardımda bulunduğu. Bu çalışmada basılı arşiv malzemeleri, konu ile ilgili kitaplar ve gazeteler analiz edilmek suretiyle bir tarih yöntemi kullanılmıştır. Makalenin temel bulgusu, Vardar Banovina ekonomisinin genel ekonomik kriz nedeniyle ortaya çıkan tasarruf ihtiyacı tarafından yönlendirildiğidir. Banovina masraflarını karşılamak için Yugoslav devletinden yardım talep etmiştir. Bu istek üzerine 15 yıl için 100 milyon dinarlık bir kredi onaylanmıştır. Bir diğer bulgu da Yugoslav devletinin vergi yükümlülüklerinin yerine getirilmesi konusunda en sıkı kontrolü üstlendiği yönündedir. Ayrıca, mali durumu iyileştirmek için tüketim vergileri artırıldı ve yönetim azaltıldı. Çalışmanın ana sonucu ise devlet yardımına rağmen Vardar Banovinanın var olduğu sürece gelişmemiş ve pasif bir yapıda kalmış olduğudur.

Anahtar Kelimeler: Vardar Banovina, Yugoslavya Krallığı, Ban, Mali Problemler

Introduction

Faced with a severe state, constitutional and parliamentary crisis, which lasted from 1918 to 1929, King Alexander I Karađorđević tried to change the political situation in the Kingdom of Yugoslavia.¹ The proclamation of 6 January 1929, established a personal regime in the state.² Then, with the promulgation of the Law on the Name and Division of the Kingdom into Administrative Areas, dated 3 October 1929, the country was called the Kingdom of Yugoslavia and was divided into nine banovinas. According to the Constitution, the banovinas

¹ Ivana Dobrivojević, *Državna represija u doba diktature kralja Aleksandra 1929-1935* (Beograd: Institut za savremenu istoriju, 2006), 43; Todor Stojkov, *Opozicija u vreme šestojanuarske diktature 1929-1935* (Beograd: Prosveta, 1969), 53-55.

² Ljubodrag Dimić, *Istorija srpske državnosti, knj. III, Srbija u Jugoslaviji* (Novi Sad: Srpska akademija nauka i umetnosti, 2001), 138; Svetozar Pribićević, *Diktatura kralja Aleksandra* (Zagreb: Globus, 1990), 130; *Službene novine Kraljevine SHS*, 6 January 1929).

were delimited and could not be changed. They were named after the rivers (Drava, Sava, Vrbas, Drina, Zeta, Danube, Moravia and Vardar), except for Primorska banovina.³ The new administrative division into banovinas meant, above all, the elimination of tribal and religious differences among the population and the effort to break up separatism and disintegration processes in the Yugoslav state.⁴ One of the banovinas was the Vardar Banovina, with its center in Skoplje. It included today's Northern Macedonia, the southern parts of central Serbia and the southern parts of Kosovo and Metohija.⁵

The topic of our paper is an overview of the economic situation in the Vardar Banovina during its existence. At the beginning of the paper, we analyze the representatives of the authorities in the banovina and their role in financial decisions, then we analyze the banovina and municipal budgets, as well as the loans that the banovina took from the Yugoslav state. In our paper, we conclude that despite the savings undertaken by the banovina, under the economic situation, the loans and the state aid were not sufficient to initiate modernization processes in this part of the Yugoslav state.

1. Representatives of the Authorities in the Banovina

At the head of the banovina was the Ban, a representative of the royal government and the head of the state administration in the banovina. The Ban was appointed by the king, on the proposal of the Minister of the Interior and with the consent of the Prime Minister. The Ban took care of all the political, security, economic, humanitarian, health, social, traffic and cultural interests of the banovina and its population, and appointed and dismissed all state officials. The Ban executed the banovina budget, which he prescribed in agreement with the Ban council.⁶ The Ban's administration was composed of seven departments (general, administrative, agricultural, educational, technical, financial, department for social policy and public health). The Vardar Banovina also had the eighth department for trade, crafts and industry.⁷ The finance department consisted of accounting and the banovina treasury. The ban of the Vardar banovina, Živojin Lazić⁸, believed that "the creation of the ban administration

³ *Administrativno-teritorijalne promene u NR Srbiji 1834-1954* (Beograd: Zavod za statistiku NR Srbije, 1955), 49; Vladan Jovanović, *Vardarska banovina 1929-1941* (Beograd: Institut za noviju istoriju Srbije, 2011), 138; Laza Kostić, *Administrativno pravo Kraljevine Jugoslavije, knj.1, Ustrojstvo uprave* (Beograd: Geca Kon, 1933), 223-224; *Službene novine Kraljevine SHS*, 4 October 1929.

⁴ Branko Petranović, *Istorija Jugoslavije 1918-1978* (Beograd: Nolit, 1980), 190-191.

⁵ See more: Jovanović, *Vardarska banovina*; Božica Slavković Mirić, *Političke, ekonomske i kulturne prilike na Kosovu i Metohiji 1929-1941* (Beograd: IP Princip; IP Prosveta, 2018).

⁶ Kostić, *Administrativno pravo Kraljevine Jugoslavije*, 189-195, 226-227, 361-362.

⁷ *Službeni list Vardarske banovine*, 6 May 1930, 6-7.

⁸ Živojin Lazić (1876-1958) - lawyer, MP, ban, minister. He was appointed the first ban of the Vardar Banovina. He worked for a long time in the southern parts of the Yugoslav state, so he was considered a good connoisseur of

relieved the ministries“, as well that “the affairs were closer to the people” and “were completed faster”.⁹

The Ban council was important for the issue of finances in the banovina. It was an advisory body composed of representatives of counties, towns and cities and met at the headquarters of the banovina.¹⁰ It consisted of one representative of each district and one for each town that had over three thousand inhabitants, while the larger towns could give four delegates for the Ban council. The Ban councilors were appointed and replaced by the Minister of the Interior at the proposal of the Ban. A council of 20 to 30 members met once a year, one month before the banovina budget was determined, for a maximum of fifteen days. They had an extraordinary session only in emergencies. The ban council did not make any decisions, but the ban consulted with the individual councilors.¹¹ The members of the Ban council monitored the economic, social and cultural development of the counties and cities (towns) for which they were appointed and were supposed to submit petitions to the ban in which they pointed out the necessary measures in that direction.¹² They discussed agriculture, savings and the budget, the construction of hospitals, social and sanitary conditions, high schools, the Ban administration, the field of education, and the state administration.¹³ At the beginning of the 1930s of the 20th century, the Ban council was considered a temporary, and transitional institution, which was to be inherited by the ban council.¹⁴ The heads of the department of the Ban administration took care, among other things, of the formation of annual budgets.¹⁵

2. Financial Authority in the Banovina

The highest financial authority in the Kingdom of Yugoslavia was held by the Ministry of Finance, which administrate the financial directorates. They exercised financial administrative power and under them were tax administrations, customs offices, cadastral and

the situation there. Lazić was very active in his function as ban. He was considered the "soul and motor force" of the entire banovina, and the press wrote that he "dedicated his entire life to Southern Serbia". Lazić remained in the position of the ban until 6 July 1932. He was replaced by Janićije Krasojević. Lazić was accompanied with letters, hymns and regrets because after the king he was "the biggest and dearest" for the South Serbs (Predrag Marković, ed. *Banovi Kraljevine Jugoslavije: Biografski leksikon* (Beograd: Institut za savremenu istoriju; Društvo istoričara Srbije „Stojan Novaković“, Društvo nastavnika istorije Bačke Palanke, 2019), 80-81).

⁹ *Politika*, 18 July 1930.

¹⁰ *Službeni list Vardarske banovine*, 31 May 1930, 1.

¹¹ *Banovina vardarska: opšti pregled: Almanah Kraljevine Jugoslavije-posebno izdanje: Iz materijala IV jubilarnog sveska Almanaha Kraljevine Jugoslavije* (Skoplje: Kraljevska banska uprava u Skoplju, 1931), 5; Kostić, *Administrativno pravo Kraljevine Jugoslavije*, 229–230.

¹² *Ilustrovani zvanični almanah – šematizam zetske banovine* (Cetinje: Kraljevska banska uprava Zetske banovine, 1931), 25.

¹³ *Službeni list Vardarske banovine*, 3 January 1931, 2-3.

¹⁴ Kostić, *Administrativno pravo Kraljevine Jugoslavije*, 230.

¹⁵ *Službene novine Kraljevine SHS*, 7 November 1929.

district administrations. They were divided into sections that were general, for accounting, for direct taxes, for customs, for excise duties and taxes, for cadastre and state goods.¹⁶ The Financial Directorate for the Vardar Banovina was in Skoplje.¹⁷

The issue of the banovina budget was dealt with by the Ban's council, and the most important funds were taxes and revenues from the banovina economy. The seventh session of the Council of Ministers (held in March 1930) was convened due to the composition of the banovina budgets - the first budgets of the newly formed banovinas.¹⁸ When compiling the draft budget, the Ban administration of the Vardar Banovina, due to the general economic crisis, was guided by the need for savings.¹⁹ Budget for 1929-1930 for the Vardar Banovina was 79.5 million dinars with a surtax of 40%, but due to the global economic crisis, it was reduced to 74.8 million the following year, and the surtax fell to 30%. In August 1931, the budget was again reduced to 59.4 million. The smallest reductions were within the Technical Department (in order not to neglect the traffic infrastructure), and the largest part of the budget went to education and agriculture.²⁰

3. Credit of the Vardar Banovina

Ban Živojin Lazić asked for help in the form of a loan for the Vardar Banovina because he did not have enough money to cover all expenses, and by the end of 1931, the Yugoslav state debt to this banovina increased from 8 to 11.5 million dinars. That was exactly why Lazić insisted on saving in office supplies and telephone expenses. Of course, that could not cover the shortcomings in finances, so Lazić again asked for help from the state, because its debt in October 1932 reached 13 million dinars. The state, between 1930 and 1933, deprived the Vardar Banovina of more than 18 million dinars, i.e. a third of its annual budget. The banovina managed to overcome the crisis with inherited sums from self-governing areas and counties, but at the end of 1932, it could no longer support hospitals and schools. The banovina was planning to use the sum of six million which was collected to help the victims of the earthquake, and it also had 15 million dinars of deposits and money from the purchase of personal work with the State Mortgage Bank. The revenues of the Vardar Banovina were extremely low and personal expenses could not be covered from them. Compared to other banovinas, which

¹⁶ Ivan Becić, *Ministarstvo finansija Kraljevine Jugoslavije 1918-1941* (Beograd: Institut za savremenu istoriju, 2012), 40.

¹⁷ *Banovina vardarska*, 12.

¹⁸ Ljubodrag Dimić, Nikola Žutić, Blagoje Isailović, Eds. (2002). *Zapisnici sa sednica Ministarskog saveta 1929-1931* (Beograd: Službeni list SRJ: Arhiv Jugoslavije, 2002), 155-158.

¹⁹ *Službeni list Vardarske banovine*, 3 January 1931, 2.

²⁰ *Politika*, 30 December 1931.

received a larger amount of money, the Vardar Banovina received only 4.2%, or slightly more than nine million dinars. The Ban Janićije Krasojević²¹ also addressed the Ministry of Finance, but the answers were delayed, so the Ban stated in despair that he did not understand this treatment of the Vardar Banovina.²² This situation continued, as we can see from the fact that by 1934 it had received only 39.6% of the state promise. Due to the global economic crisis, an austerity policy was implemented, and expenditures for the administrative functioning of the banovina were reduced to a minimum. The state and banovina bureaucracy was reduced, and the banovina surtax rate remained the same, i.e. 25% of the direct tax.²³ The budget of the Vardar Banovina for 1934-1935 was 49.4 million dinars, and taxes were introduced on luxury dogs, movies, newspaper ads and insurance policies.²⁴

The Vardar Banovina requested a loan (94 million dinars) from the State Mortgage Bank, half of which was to be repaid by the banovina, and half by the state. From that money, the Ban's palace, hospitals and gymnasiums were to be built.²⁵ In the end, the banovina's request has been approved a loan of one hundred million dinars with 7% annual interest, but for 15 years. The conclusion of the large loan was initiated in 1940, during the time of Ban Aleksandar Andrejević²⁶, who decided to conclude a loan of one hundred million dinars with the State Mortgage Bank, Postal Savings Bank and Central Office of Workers' Insurance (Središnji ured za osiguranje radnika –SUZOR), with repayment over the next 32 years. He thought that the banovina needed at least 280 million dinars for full reconstruction. The funds obtained from the loan were to be used for the construction of roads, bridges, schools, hospitals and waterworks, for the use of mineral and thermal springs and the construction of spas, for draining wetlands, and for arranging watercourses. Ban also announced the possibility of borrowing abroad. However, the members of the Ban Council did not take the conclusion of the loan lightly

²¹ Janićije Krasojević (1884-1967) - lawyer, great prefect (veliki župan), ban. On 12 October 1929, he was appointed Chief of the Second Administrative Department of the Royal Ban's Administration of the Danube Banovina. He remained in that position until 21 March 1931, when he was appointed assistant to Živojin Lazić, the ban of the Vardar Banovina. When Lazić took over the ministerial position, Krasojević was appointed acting ban of the Vardar Banovina. He remained in that position until 23 April 1934, when Aleksa Stanišić was appointed to the new ban. When Krasojević was the Ban of the Vardar banovina, he advocated an austerity policy, reducing the number of officials and appointing qualified staff. He especially insisted on the improvement of agriculture, organized courses for farmers, established funds and forced the cultivation of new agricultural crops. (See more: Marković, *Banovi Kraljevine Jugoslavije: Biografski leksikon*, 66-67).

²² Jovanović, *Vardarska banovina*, 158–160.

²³ *Vardar*, 15 December 1932.

²⁴ Jovanović, *Vardarska banovina*, 167.

²⁵ *Službeni list Vardarske banovine*, 3 January 1931, 19.

²⁶ Aleksandar Andrejević (1877-1966) - lawyer, judge, ban. He was elected ban of the Vardar banovina on 12 September 1939. He was the ban for nine months, and on 26 June 1940, he was replaced by Živojin Rafajlović (Marković, *Banovi Kraljevine Jugoslavije*, 36).

because they thought that the international situation should be calmed down. It was also necessary to think about how to repay the loan: to increase the banovina surtax from 20 to 30%, the school surtax from 30 to 35%, as well as to take from the collective tax on business turnover of four million dinars. Before concrete steps were taken to conclude the loan, Ban Andrejević was relieved of his duties. The next ban, Živojin Rafajlović²⁷, was a ban from the end of June 1940 until the April War of 1941, so the loan plans were interrupted by the outbreak of World War II.²⁸

4. Taxation in the Vardar Banovina

The Law on Unification of Taxation in the Yugoslav Kingdom was passed on 8 February 1929, and was supposed to provide a fairer distribution of taxes.²⁹ At the end of 1930, it was possible to pay taxes in installments, which relieved taxpayers.³⁰ Taxpayers who collected banovina duties received awards, because since 1930 the head of the Financial Department of the Vardar Banovina had the right to distribute awards to tax inspectors - 3% of the amount collected for the district, regional and banovina surtax, and 5% of the amount collected from cabaret, bars and cinemas.³¹ This prize fund, over time, increased over a million dinars, so Ban Živorad Lazić determined that the amount be reduced to half a million and that the money goes to the construction of the school.³² In the summer of 1930, insecticides were exempted from excise duty, and in 1931, a tax on bachelors was introduced. For the next year, excise duties on non-alcoholic beverages, fees for billiards and playing cards were planned, and the tax on the rent for grazing was abolished.³³

In the second half of 1931, due to the great crisis, new efforts were made to stop the reduction of revenues by increasing customs and excise duties, raising the price of postal services and tobacco prices.³⁴ Considering that the government finances for 1931 and 1932 were in poor condition and the deficit was recorded for the first time, revenues showed a significantly larger decline than expected, as estimates were based on a decrease of 19%

²⁷ Živojin Rafajlović (1871-1953) - officer, MP, minister, ban. He was appointed to the position of the Ban of the Vardar Banovina by a decree of 26 June 1940. He arrived in Skoplje as a retired minister on 1 July 1940. He remained in the position of the Ban until the April War of 1941 (Marković *Banovi Kraljevine Jugoslavije*, 130-131).

²⁸ Jovanović, *Vardarska banovina*, 163-166; Marković, *Banovi Kraljevine Jugoslavije*, 36, 131.

²⁹ Becić, *Ministarstvo finansija Kraljevine Jugoslavije 1918-1941*, 117-118.

³⁰ Dimić, Žutić & Isailović, *Zapisnici sa sednica Ministarskog saveta 1929-1931*, 238.

³¹ *Službeni list Vardarske banovine*, 12 June 1930, 2.

³² *Službeni list Vardarske Banovine*, 3 January 3, 1931, 13-14.

³³ Jovanović, *Vardarska banovina*, 169-170.

³⁴ Živko Avramovski, Ed. *Britanci o Kraljevini Jugoslaviji : godišnji izveštaji Britanskog poslanstva u Beogradu 1921-1938. Knj. 2, (1931-1938)* (Beograd: Arhiv Jugoslavije, 1986), 48-49.

compared to the previous year.³⁵ In March 1932, the Minister of Finance, Milorad Đorđević, pointed out in the Senate³⁶ that the government was trying to adjust the tax policy to the changed economic conditions and the reduced purchasing power of the citizens.³⁷ The population had a hard time bearing the burden of state and local taxes. New austerity measures were introduced, but they were only partially successful as it reached a point where new pressures on taxpayers could do nothing more. Although the strictest control of tax collection was envisaged, which led to the fact that applications sent to the government and even local authorities had to be accompanied by confirmation that tax obligations were met, there was no stronger control of collected taxes, so in 1932 the tax evasion reached 378 %.³⁸ In 1933, 69% of taxes was collected in Vardar Banovina (71% in Zetska, 69% in Moravska, Drinska 53%, Vrbaska 83%, Primorska 67%, Savska 95%, Dravska 101% and Dunavska 88%).³⁹

Despite signs of improvement in the economic situation in 1934, the country was in an economic recession. The assassination of King Alexander and then the expectation of war, especially among the peasantry, led to the accumulation of money and agricultural products, as well as to a general stagnation of business activities.⁴⁰ The state took measures to improve the financial situation, but they were not welcomed by the public because it was considered that they were applied unilaterally and incompletely and that they were adopted slowly and with a delay.⁴¹ During that year, taxes hit the population hard, primarily because of the heavy tax burden, and then because of the more rigorous application of the law.⁴² Spira Hadzi Ristić, the member of the Senate, believed that the Minister of Finance in budget policy should not only focus on maintaining the balance of the budget and on the constant burdening of the people (in the form of various taxes, excise duties and taxes) and that it was a narrow and one-sided policy. Ristić invited the Minister of Finance to visit the Vardar Banovina to see that the wealth of this

³⁵ Avramovski, *Britanci o Kraljevini Jugoslaviji*, 113.

³⁶ The Senate was a part of the People's Representation. It was the product of the direct will of the ruler. It consisted of elected and appointed senators, set by the ruler. (See more: Momčilo Pavlović, Nebojša Stambolija & Milan Gulić, Eds. *Senatori Kraljevine Jugoslavije* (Beograd: Institut za savremenu istoriju, 2016).

³⁷ *Stenografske beleške Senata Kraljevine Jugoslavije : vanredni saziv za 1932 godinu. Knj. 2, od XVIII do XL redovnog sastanka : od 22 marta do 19 oktobra 1932.* (Beograd : Štamparija, litografija, knjigoveznica "Radenković", 1932), 86.

³⁸ Avramovski, *Britanci o Kraljevini Jugoslaviji*, 114-115; *Stenografske beleške Senata Kraljevine Jugoslavije : redovan saziv za 1933 i 1934 godinu. Knj. 1, od I do XIII redovnog sastanka : od 20 oktobra 1933 do 20 marta 1934.* (Beograd: s.n, 1934), 103.

³⁹ *Stenografske beleške Senata Kraljevine Jugoslavije : redovan saziv za 1935 i 1936 godinu i redovan saziv za 1937 godinu. Knj. 1, XIV redovni sastanak 19 oktobra 1936 god. i od I prethodnog do XV redovnog sastanka od 20 oktobra 1936 do 24 marta 1937 godine : sa budžetskom debatom u načelu i pojedinostima* (Beograd : Štamparija Drag. Popovića, 1937), 112.

⁴⁰ Avramovski, *Britanci o Kraljevini Jugoslaviji*, 269.

⁴¹ *Politika*, 4 January 1935, 4.

⁴² Avramovski, *Britanci o Kraljevini Jugoslaviji*, 271.

part of the country disappeared. He pointed out that "if he passes through only a few towns, he will see with his own eyes that the shops are empty and that the shopkeeper is waiting in vain for his only consumer, a peasant, who does not come to buy anything on market day, because he has nothing to buy with".⁴³

In the second half of the 1930s, the Yugoslav government of Milan Stojadinović⁴⁴ encountered numerous economic problems.⁴⁵ Thus, the new economic policy was marked by increasing state intervention in the economy (moderate deflationary policy, reduction of official salaries, ensuring the export of agricultural products and stabilization of agricultural income, as well as improving the trade balance).⁴⁶ However, not much was done by the end of the year and there was worrying poverty in the country. Stojadinović, like his predecessors, sought sources of income primarily in indirect taxation. Two regulations on indirect taxes were issued and published on 1 April 1935. The first abolished banovina excise duties on various items, uniform excise duties throughout the country on rice, coffee, tea, cocoa and calcium carbide, and the second provided for the formation of a central banovina excise fund from which funds were distributed to nine banovinas, instead of excise duties previously paid by each banovina independently.⁴⁷

Compared to other Yugoslav banovinas, the income of the Vardar banovina lagged behind. During 1935 and 1936 years the share of banovina budget revenues at the Yugoslav level was 3.7%, i.e. it was in the last place. That was the case until 1938-1939 when there was progress, i.e. an increase to 5.3%, which brought it ahead of the Zeta and Vrbas banovina. At the meeting in the Senate, in March 1938, the senator Spira Hadži Ristić, pointed out that "for two years, taxes have been duly paid even without executive coercive measures". At the end of October 1937, the Financial Directorate in Skoplje had a collection of direct taxes of 99.8%.⁴⁸ However, during 1939, the general direct taxes collected in the Vardar Banovina accounted for

⁴³ *Stenografske beleške Senata Kraljevine Jugoslavije : redovan saziv za 1933 i 1934 godinu*, 110.

⁴⁴ Milan Stojadinović (1888 –1961) was a politician, lawyer, economist and university professor. He was Minister of Finance on three occasions (1922–1924, 1924–1926, 1934–1935), Minister of Foreign Affairs and Prime Minister of the Kingdom of Yugoslavia (from 1935 to 1939) and President of the Yugoslav Radical Community (Bojan Simić, *Propaganda Milana Stojadinovića* (Beograd: Institut za noviju istoriju Srbije, 2007); Todor Stojkov, *Vlada Milana Stojadinovića 1935-1937* (Beograd: Institut za savremenu istoriju, 1985)).

⁴⁵ Avramovski, *Britanci o Kraljevini Jugoslaviji*, 354.

⁴⁶ Becić, *Ministarstvo finansija Kraljevine Jugoslavije 1918-1941*, 292-294.

⁴⁷ Avramovski, *Britanci o Kraljevini Jugoslaviji*, 354, 357.

⁴⁸ *Stenografske beleške Senata Kraljevine Jugoslavije : redovan saziv za 1937 i 1938 godinu. Knj. I, Od prethodnog do XV redovnog sastanka od 20 oktobra do 26 marta 1938 godine sa budžetskom debatom u načelu i pojedinostima*. (Beograd : Štamparija Drag. Popovića, 1938), 247.

3.8% at the Yugoslav level, and the collection of taxes 2.4% and excise duties 0.5%.⁴⁹ The Vardar Banovina owed 22.5 million dinars in mid-July 1939, and the Ministry of Finance was pressured to treat the Vardar Banovina as passive and to increase part of the collective tax, but this was not possible because in that case, the increase would go at the expense of other banovinas.⁵⁰

State duties collected by banovinas accounted for 1/3 of the state budget. From general direct taxes in 1939 in the Vardar Banovina were collected 89,930 dinars (3.82% of all in the Yugoslav Kingdom), 8,475 dinars of taxes (2.41%), 4,877 dinars of excise duties (0.49%), or a total of 103,282 dinars (2.80% of the total in the kingdom, which was 3,691,277 dinars).⁵¹

Banovina budgets, before the end of the period we are interested in, were ten times smaller than the state budget, which was an indicator of the real possibilities of the banovina administration. The Vardar Banovina had a modest banovina budget. The revenues from the banovina budget in the Vardar Banovina (collected surtaxes, share of the collective tax on business turnover, revenues from excise duties, revenues from taxes and other duties, revenues from banovina estates and institutions, debt revenues, revenues from loans and borrowings) were: 28,648 dinars for 1935-1936; 35,153 dinars for 1936-1937; 50,017 dinars for 1937-1938, and 56,269 dinars for 1938-1939.⁵²

5. Municipal and Rural Finances

An overview of municipal, rural and urban finances can be traced back to 1929, as district and county self-governments were abolished by an act of 3 October 1929. In contrast to rural municipalities, expenditures in urban municipalities increased, primarily because rural life was more primitive, and the population of the city sought more comfort and more civilized life, so economic, social and cultural needs spread. Among the revenues of rural municipalities, surtax played the most important role, so in 1929 it accounted for 58% of total revenues. In second place was the income from the municipal property with 11.1% and then excise duties and taxes. In urban municipalities, half of the budget, 49.9%, was based on surtax revenues, excise duties and taxes. In larger cities, excise duty increased the most (by 23.7 million), and in

⁴⁹ Ljubodrag Dimić, *Kulturna politika u Kraljevini Jugoslaviji : 1918-1941. Deo 1, Društvo i država* (Beograd: Stubovi kulture, 1997), 142, 145.

⁵⁰ Jovanović, *Vardarska banovina*, 169.

⁵¹ *Statistički godišnjak Kraljevine Jugoslavije 1940*. (Beograd: Državna štamparija, 1941), 467.

⁵² *Statistički godišnjak Kraljevine Jugoslavije 1936*. (Beograd: Državna štamparija, 1937), 528-529; *Statistički godišnjak Kraljevine Jugoslavije 1937*. (Beograd: Državna štamparija, 1938), 422; *Statistički godišnjak Kraljevine Jugoslavije 1938-1939*. (Beograd: Državna štamparija, 1940), 504; *Statistički godišnjak Kraljevine Jugoslavije za 1940*, (Beograd: Državna štamparija, 1941), 484.

other cities, surtaxes (by 24 million dinars). Rural municipalities had high administrative expenditures, primarily personal expenditures (31.7%). In urban municipalities, most expenditures were on loans, followed by material expenditures of companies, personal expenditures of administrative staff, repair and construction of buildings and roads, although this percentage decreased compared to 1928, which was explained by the economic crisis.⁵³ The Minister of Finance pointed out that rural municipalities spent more than one-third of their total income on personal expenses of administrative staff, so, for example, in Skoplje that percentage was 53% and in Bregalnica 55%. Of the entire municipal budget, 8.4% was spent unproductively on office supplies, heating and lighting, thus neglecting buildings and roads in municipalities and other problems such as public education and sanitary and health needs. The Minister of Finance proposed that all municipalities revise personal expenditures and reduce them to a reasonable level, removing all unnecessary and redundant persons from the service. All municipal taxes and excise duties should have been audited in order not to have the character of a prohibition or to have a detrimental effect on the production and trade of goods.⁵⁴

The size of municipal budgets was higher concerning banovina revenues. The revenues of all municipalities of the Vardar Banovina were more than twice as high as the total Banovina revenues, so in 1931 the municipalities collected over 144 million dinars, while the Ban authorities barely made 62 million dinars.⁵⁵ The realized revenues of the rural municipalities of the Vardar Banovina were in the total Yugoslav sum of 7.8% in 1936/7. to 7.2% in 1938/39, while the urban municipalities of the south managed to realize only 4.3% of the revenues of all cities in Yugoslavia.⁵⁶

The legislation went more towards the municipalities in their self-governing activities having the widest possible scope of work, especially in the social and health fields. This represented difficult and unfeasible obligations for Southern Serbia, a legal burden of duties for which the municipalities were not sufficiently capable. Both urban and rural municipalities had relatively small budgets. The town's municipalities were unable to provide sufficient sums in their budgets to effectively help their many poor residents. In the towns of Southern Serbia, the population was disproportionately large compared to the rural population (over 30%) and the poor on average more than in any other part of the country. Municipalities did not make much

⁵³ Radovan Drašković, „Stanje opštinskih finansija u 1929“ *Savremena opština* 1931: 25–35.

⁵⁴ *Policija*, 16 January 1929, 190-192.

⁵⁵ *Vardar*, 5 January 1933, 26; *Vardar*, 13 August 1935, 3.

⁵⁶ Dimić, *Kulturna politika u Kraljevini Jugoslaviji : 1918-1941*, 146-147.

sense of social and health care for their poor citizens. In the budgets for 1935, larger sums were allocated only in Skoplje and Bitolj.⁵⁷

After reviewing the budgets, it is concluded that the funds collected by self-governing units (banovinas and municipalities) were exclusively invested in the areas from which they were taken, and the amounts of money collected in the budgets of self-governing bodies showed unevenness. Based on all this, we conclude that the total funds of all types of budgets were not enough to start the process of modernization in the Vardar banovina and the Yugoslav country.⁵⁸

Conclusion

From October 1929, The Kingdom of Yugoslavia was divided into banovinas. The Vardar Banovina, with its center in Skoplje, included today's Northern Macedonia, the southern parts of central Serbia and the southern parts of Kosovo and Metohija. The general situation in all fields in Southern Serbia was not the best. Finances were not enough for progress, loans were taken, and the Yugoslav state constantly owed state aid to the Vardar Banovina, which caused a budget deficit. The first budget of the Vardar Banovina in 1929-1930, due to the general economic crisis, was guided by the need for savings. The share of budget revenues of the Vardar Banovina lagged behind other banovinas. Municipalities had modest budgets, only larger sums were allocated in 1935 in Skoplje and Bitolj. The savings applied throughout the country, including in Southern Serbia, the increase in excise duties and the reduction of the administration did not lead to a satisfactory solution, so the Vardar Banovina decided to take a large loan in September 1940. It was approved a loan of 100 million dinars for 15 years. In addition, low prices of agricultural products were a big problem, as well as the high indebtedness of the peasantry and the low purchasing power of the citizens. The Yugoslav state undertook the strictest control over the fulfillment of tax obligations, because the population avoided settling them (in 1933, 69% of taxes were collected). Everything the Yugoslav state did for the Vardar Banovina was not enough to initiate modernization. This area remained passive on the margins of society, and all attempts to fix it were interrupted by the outbreak of World War II, when the banovinas ceased to exist.

⁵⁷ *Vardar*, 12 October 1936, 1.

⁵⁸ Đimić, *Kulturna politika u Kraljevini Jugoslaviji : 1918-1941*, 147.

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