The First US intervention in Serbian Economic Reconstruction and recovery

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Abstract

The paper analyses the suggestion of the United States of America on economic recovery and concrete economic aid to Serbia after the end of World War I. Upon the initiative of Mihailo Pupin, a great American scientist of Serbian origin, a special Technical Mission comprised mainly of telecommunication (telegraph and telephone), bridge, mining and railway engineers was sent to Serbia. It was believed that their knowledge and experience was most needed in heavily devastated Serbia. They were leading experts who had volunteered their services to the famous US 17th Engineers Railway Regiment for the duration of the World War I, and who remained in Europe for a certain period upon the War’s end. During their stay in the Kingdom that lasted less than a year, they crossed about 35 thousand kilometers on railways and river waterways and about 50 thousand kilometers by car. They conducted a complete review of the existing railway system and detailed analysis of several new projects aimed at linking the Danube Valley with Adriatic Coast. They wrote hundreds of pages of reports containing maps and suggestions on how to most efficiently reconstruct the old and construct the new railways. They personally expedited the reconstruction of the Belgrade-Thessaloniki railway. At the same time, they reviewed the mineral resources of the Kingdom and surrounding areas, with the exception of West Serbia, East Bosnia and Montenegro. The results of these analyses were compiled in more than fifty reports on each individual mine, containing numerous photographs, the analysis of the mine’s existing state and suggestions for further and faster development. The length of their brief stay in Serbia stands in stark contrast to the importance of the Mission’s impact on the county’s postwar recovery which is discussed as the principal topic of the paper.

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Introduction

During the neutrality period in the World War I, the United States established over 100 humanitarian organizations that provided aid to endangered European civilians. After the war was over, in February 1919 American Congress passed a bill that granted 100 million dollars for the purpose of providing aid to European states (apart from former enemies). The law allowed President Woodrow Wilson to establish American Relief Administration as early as on February 25th, 1919. He entrusted the managing position of the organization to an enterprising engineer Herbert Hoover who soon established Communications Section for the Supreme Economic Council to which he brought high-rank American Army officers who were up till then serving in the 17th Engineers Railway Regiment. Their task was to coordinate food distribution operation on the territory of former Austro-Hungarian monarchy and, together with their team, to work on the reconstruction of railway, road and river traffic systems. However, just before the end of the Paris Peace Conference, the United States announced demobilization which meant that American officers could no longer stay on European soil in their previous capacity. This automatically terminated the functioning of the Communications Section. But since several governments of the newly established states addressed Hoover with an appeal to keep the American experts for a while as their advisors, the solution was found in establishing a separate, non-government organization named European Technical Advisers (Hogan, 1975; Peri, 1980; Guth, 1981; Cuff, Hoover, 1977).

It was on this occasion that in July, 1919 in Paris Hoover met with a renowned American scientist of Serbian origin, Mihailo Pupin. The discussion they had resulted in concrete Hoover’s suggestion to assign several reliable and eminent American engineers on posts in “Greater” Serbia, who would serve as Government advisors on questions concerning railways, traffic and mines reconstruction and the like. Since Serbian government was in the need of not only the material for the construction of railways but US funds for economic recovery as well, the agreement was reached to appoint experts who would operate on the field directly safeguarding the material and funds. Their knowledge of American railway and production system could have been highly important and useful to Serbian Government. An eminent American representative might have been extremely useful in negotiations regarding the resolution of the situation concerning the railway networks with neighboring countries to which expert missions had already been assigned. Hoover and Pupin observed that Serbia should free itself, without delay, from the dominance of Hungarian and Austrian engineers, who “built railways on locations useful to them” (Hoover Institution Archives, 1919).

Being native to Vojvodina, Pupin was well aware of the fact that its formal unification with Serbia had to go hand in hand with the construction of infrastructural network which had not been existent at the time. At the same time, due to the military occupation and wartime destruction that had taken place between 1914 and 1918 Serbian industry and mining were so deteriorated that a complete reconstruction of railway system, factories and mines was necessary. It was estimated that around 30% of plants and 57% of machinery and facilities had been destroyed. Department of Mines of Yugoslav Ministry of Economy estimated that metal mines suffered installation and inventory losses amounting to 25%, and that coal mines suffered 50% loss in original investments. Upon retreating, occupying forces had destroyed a significant part of the remaining mining facilities. In Paris in 1919 during a Reparation Commission session, Delegation of the Kingdom of Serbs, Croats and Slovenes estimated that the war damage in Serbia amounted between seven and ten billion
golden francs (based on 1914 prices), which was, at the time, equivalent to one half of total Serbian national property. So as to facilitate thorough economic, social and infrastructural recovery, the sum of 2.5 billion francs was required. In addition to that, proportionally speaking, of all the counties involved in the War Serbia had experienced the greatest level of human loss. At over 1.2 million deaths (two thirds being civilians), the Kingdom of Serbia had lost about 28% of the entire population. Moreover, its casualties included 114,000 war invalids and 150,000 heavily wounded civilians.\(^4\)

Thanks to the agreement between American Government and the Government of the Kingdom of Serbs, Croats and Slovenes, the American experts spent an entire year in Serbia. During that time, they provided concrete material and financial aid and put forth their suggestion on postwar economic recovery of Serbia.

The Establishment and Operations of American Technical Mission in the Kingdom of Serbs, Croats and Slovenes

An extremely important role in the recovery of Serbia was played by the mentioned organization, American Relief Administration. As early as in 1919, the American Government, via American Relief Administration, had granted Serbia a significant food acquisition loan totaling 25 million dollars. Herbert Hoover, prompted by a conversation he had had with Pupin, offered to act on Serbia’s behalf in reaching an agreement with the U.S. Treasury Department so that 100,000 dollars would be set aside in order to finance the establishment and operations of an American expert Mission in Serbia (HIA, ETA, Rec. 1918-1923, box 7, file 9). Yet, regardless of Hoover’s warnings concerning the urgency for making this decision, government of the Kingdom of Serbs, Croats and Slovenes was not able to reach the final decision before the late August 1919. Namely, at the time when Mihailo Pupin had started lobbying for the establishment of the Mission in Serbia, the newly established Kingdom had just gained international recognition. In the meantime, its first government led by Stojan Protic from Radical Party had collapsed (August 16\(^{th}\), 1919), and so the new government led by democrat Ljubomir Davidovic took over the negotiations concerning the Mission’s establishment based on the guidelines Hoover had suggested to Pupin (Stojančević, 1990). Thanks to particular efforts put forth by the Minister of Traffic Milorad Draskovic, on August 26\(^{th}\), 1919 the Council of Ministers of the Kingdom of Serbs, Croats and Slovenes signed the decree on establishing the American Technical Mission with 150,000 dollar budget from the so called “Remittance Found”. The amount was increased by another 50,000 dollars because, due to the retardation with which the previous Radical government approached ratification of the treaty, all members of the future Mission had already left Europe and returned to the USA, which had further increased the travel and transportation costs (HIA, ETA, Rec. 1918-1923, boxes 7 and 64, Col. Atwood's reports on the operations of the Technical Mission in the Kingdom of Serbs, Croats and Slovenes, 1919-1920.)

During the negotiations, the expectations of the host country as well as the role and tasks of the Mission were determined in detail by two separate acts of the Council of Ministers. They disclose that the newly established state primarily expected to obtain a loan from the government of the United States sufficient to cover the costs of the material already ordered from the United States Liquidation Board in France; secondly, it expected assistance with

obtaining a loan from the government of the United States in order to purchase the surplus material from American War Department, as well as assistance with securing a credit that would cover the transportation of the said material from the USA. The Kingdom’s government also expected that cooperation was to be realized between the American advisors in Serbia and those in neighboring countries so as to reestablish international transport service. American experts were primarily expected to provide advisory services to the Kingdom’s Ministry of Mining. The Ministry was waiting for the destroyed mines to be reconstructed and the new ones to be opened; thus the assistance of American advisers with importing the material and tools necessary for accomplishing both objectives was more than welcome. Providing assistance to Minister of Finances with devising a financial scheme that would ensure loans in US banks, as well as providing help with establishing contacts with these banks was another of the primary goals set for the Mission. In addition to that, the acts specified that advisory services were to be provided to the Minister of Traffic on all matters relating to the construction, reconstruction and operation of the railroads and to all other ministries that expressed the need for American advisors; it was explicitly emphasized that advisors would not have the executive authority (Aleksić, 2008).

In September 1919, Colonel William Atwood, former captain of the mentioned US 17th Engineers Railway Regiment, was appointed the head of the American Technical Mission in Serbia. Before the World War I, he had had an astonishing engineering career. He had spent 10 years in Alaska on the construction of Alaska Central Railway. Later, he had worked for New York Central Lines, and for a while he had been the head engineer at The Lake Erie Western Railroad (HIA, 1919). He was personally assigned by Herbert Hoover to form a team comprised of his former comrades and colleagues for the Mission in Serbia. So, as early as October, Colonel C.S. Coe (who became the Chief in Command of the 17th Engineers Regiment after Col. Atwood became the head of Communications Section, and who was also in charge of controlling the aid operations in Serbia), railway engineer J.H. Nelson, with more than 30 years of work experience on American railways, and civil engineer and captain C.E. McMillan, who just returned from Russia where he had been stationed as Major in the Siberian Transportation Corporation, joined the Mission. One of the reasons why he was hired by Col. Atwood was the fact that, apart from speaking French, Spanish and Portuguese, he spoke some Russian which was why Atwood had hoped he might have been able to understand Serbian. In November 1919 they were joined by a mining engineer H.I. Smith. A graduate from the State College of Pennsylvania, he had been working for the US Bureau of Mines and came to Serbia from the famous Vandalia Coal Company. In February 1920, as a reinforcement to the team, a railway engineer captain J.H. Porter, another member of the former 17th Engineers Railway Regiment, came to Serbia from Augusta, Georgia (www.geocities.ws/rost17thrailengr/Officer_Staff_members.html).

5 17th Engineers was one of nine volunteer Railroad Regiments organized in early summer of 1917. It arrived in Europe in July and was one of the four regiments personally visited by King of Britain George, in August 1917 in London. The regiment was organized and at that time commanded by Colonel John Stephen Sewell who was officially a regular army officer in Engineers Corps and later vice-president of Alabama Marble Company. The regiment was mobilized in Atlanta, and the majority of staff came from US South and South-East. Both officers and soldiers were enlisted from the same territory, and special attention was paid to selection of professionally experienced staff. After they had arrived in France, the Regiment was stationed in the vicinity of Saint-Nazaire where it constructed a number of pontoon bridges, roads, piers, hospitals and camps, as well as new aqueduct in Saint-Nazaire. After Col. Sewell got transferred, 17th regiment came under command of Colonel William Atwood; Hoover Institution Archives, Stanford, European Technical Advisers, Records, 1918-1923, box 10, file 19, HIA, ETA, Rec. 1918-1923, box 10, file 19, Colonel Atwood’s report on engineering advisors in European countries, September 30, 1919.
The Initial Stages of the Mission’s Operation in Serbia – Reestablishing International Transport and Traffic

After the World War I, the railway network of Central and Eastern Europe was in the state of extreme disrepair. Both operative and managerial disorganization resulted from the fact that these traffic systems in the newly established states had actually been detached from different traffic systems once managed by Austro-Hungary. The terms of the Paris Peace Treaty prescribed the division of former empires’ vast traffic network, and it was assumed that this would be overseen by the American advisors themselves, who were at the same time in charge of the appropriation of necessary equipment for the newly established states. The process was additionally complicated by demands for reparation which were under the jurisdiction of the Reparation Commission. The advisors were also expected to conduct similar supervisions when it came to the division of the floating equipment on the Danube and other rivers. Thus, engineering advisors soon became arbiters and assistants in the above mentioned states, wholeheartedly defending interests of their governments.  

In one of his reports to Hoover, Col. Atwood wrote that American advisors, to the request of Minister of Railways of the Kingdom of Greece, had initiated negotiations with the government of the Kingdom of Serbs, Croats and Slovenes. This resulted in the reopening of railway service between Belgrade and Athens, which was at the time serviced by the famous Simplon Orient Express. However, after February 1920 members of the Mission neither received further information nor participated in the negotiations. Thus, he concluded that the general recommendation to the Kingdom’s government should be prompt reopening of all international transport services, and he went on to assert that there was nothing that could contribute more to the stabilization of a society than the freedom of movement and trade. The advisers particularly insisted on expeditious establishment and improvement of traffic connections with Romania, Bulgaria and Hungary, both on land and on water. They also warned that the authorities were not aware of all the advantages of the Danube basin transport system, the reasons for that being the insufficient number of vessels and customs barriers on the borders. That is why they suggested that it would be of great importance to reach an agreement with the neighboring states concerning the establishment of the vital traffic routes. At the same time, they were unable to perceive one valid business reason that might have prevented the state from closing agreements with Romania and Bulgaria which would have allowed the vessels sailing from Belgrade to the lower Danube to carry the flags of all three states, particularly if one had taken into account the fact that such solution would have provided far superior service when compared to the one provided by the same number of vessels up to that moment. In the first days upon their arrival, the advisers particularly insisted on constant improvement of freight transport fluidity.
Mission’s Activities Related to Securing the Loan and Necessary Material from the United States

Operations of American Technical Mission in the Kingdom began during the rule of Ljubomir Davidović’s democratic government (August 16th, 1919 – February 19th, 1920). During this period the Mission successfully organized the transportation of the merchandize previously purchased by the Government from the United States Liquidation Board in France, as well as the transportation of more than 8000 tons of material which had been collected and insured by that time. The operation was financed from an American loan approved from the American army reserves in France. The loan totaled 40 million dollars, but only 25 million were spent (Arhiv Jugoslavije Beograd, 1986). It was decided that Col. Atwood was to be in charge of the arrangements concerning chartering ships. Due to certain restrictions imposed by the United States Treasury, the first two chartered ships were under the control of United States Shipping Board, but since the payment installments were extremely high, Yugoslav authorities finally decided to charter ships in any other port that would provide cheaper service. From that moment on, Colonel Bozidarevic, delegate of the Kingdom’s Ministry of War in Paris, took over the responsibilities concerning the charted ships while Colonel Atwood handled financial matters (HIA, ETA, Rec. 1918-1923, box 7, file 11:Final Report of the Technical Mission in the Kingdom of Serbs, Croats and Slovenes, William G. Atwood). The main reason why Col. Atwood stayed in the USA during the first three months of the Mission’s operations was securing a low cost loan which would enable the government of the Kingdom of Serbs, Croats and Slovenes to purchase the necessary material from The American War Department. Making reservations for the material was of the utmost importance since other European counties expressed the need for the material as well, and the priority was given to those that immediately ordered in bulk. Thus, thanks to the American experts’ lobbying, as early as on December 22nd, 1919 The American War Department on behalf of the USA government approved the loan for material purchase to the Kingdom of Serbs, Croats and Slovenes; the loan was worth 25 million dollars, with 5% interest to be paid half-annually and with loan duration from three to five years (HIA, ETA, Rec. 1918-1923, box 64, file 1: The Contact between the US Ministry of War and the Kingdom of Serbs, Croats and Slovenes on granting the 25 million dollar loan, 22. XII 1919, Paris).

In accordance with the instructions he received, during his stay in the USA Col. Atwood held numerous meetings with American bankers and entrepreneurs active in international business operations in order to obtain adequate information concerning the requirements the Kingdom needed to meet so as to secure commercial loans in the USA. Shortly after his arrival to Belgrade, Atwood concluded that the Kingdom “was in the urgent need of foreign financial aid so as to develop its enormous resources, improve the infrastructure and meet other needs since there was no available capital in the state itself”, and he met with the Minister of Finances to deliver a general recommendation concerning the requirements that were necessary to be fulfilled so as to secure foreign loans (HIA, ETA, Rec. 1918-1923, box 7, file 11: Final Report of the Technical Mission in the Kingdom of Serbs, Croats and Slovenes, William G. Atwood). However, it turned out that the intentions of the Government had changed in the meantime and that the want for financial aid from the USA had ceased to exist. Minister of Finances addressed the Mission only to seek advice concerning the Ljubija mine appraisal and adequate conditions for obtaining the concession. The information was forwarded to him, and that was the only time the Mission’s assistance had been requested by the Ministry (HIA, ETA, Rec. 1918-1923, box 7, file 11: Final Report of the Technical Mission in the Kingdom of Serbs, Croats
and Slovenes, William G. Atwood). In the meantime, the reservations on the ordered material were made and the only item of business that remained to be attended to was the authorization of a delegate who was to collect the material and sign the bonds on the behalf of the Kingdom. At the same time, European Technical Advisers office in New York had managed to secure a loan from United States Shipping Board which would cover the costs of transporting the material to Yugoslav ports(HIA, ETA, Rec. 1918-1923, box 7, file 11: Final Report of the Technical Mission in the Kingdom of Serbs, Croats and Slovenes, William G. Atwood).

In addition to that, American experts, in cooperation with the Secretary of Commerce and Industry and the head of American technical mission in Vienna, were working on signing the contract between the Kingdom and Austria concerning the delivery of 1000 tons of food in exchange for rail, electrical, medical and other material of the reciprocal value. The operation was conducted in secrecy since the Yugoslav public was in great disfavor of food delivery to erstwhile enemies(HIA, ETA, Rec. 1918-1923, box 8, file 12: The report from the Secretary of Commerce and Industry meeting with the Mission members, 3. II 1920; Col. Atwood's letter to Herbert Hoover informing him that the members of missions in the Kingdom of Serbs, Croats and Slovenes and Austria agreed upon the conditions of the future contract, 6.II 1920).

The Mission’s Role and Importance for the Functioning of the Kingdom’s Ministry of Forestry and Mining

One of the first assignments for the Mission upon their arrival to the Kingdom concerned the analyzing and reporting on the state Serbian coal mines were in. The issue of coal supply was of the utmost priority not only because of the railway system functioning but also because of the recovery and further development of Serbian industry. Later, a thorough inspection of Serbian metal mines was also conducted which resulted in further reports and suggestions that facilitated not only their recovery but also the coal and metal output increase. It was discovered that almost all mines did not have sufficient material or adequate equipment and that the mining sites were not sufficiently explored by drilling which might later serve as a basis for making adequate plans for further development. At the same time it was determined that it was not possible to increase the coal production due to the inability of the railway system, which originated from the insufficient number of locomotives, to transport the coal to the intended destinations. Even though the warning came from many different sources, the Ministry of Traffic failed to react swiftly hence a great number of locomotives and railcars were put at disposal of the Kingdom’s Ministry of War for the purpose of transporting forces to the regions along state borders. The Mission estimated that Serbian coal mines were so rich in the ore that in a very short period they would not only be able to meet domestic needs for coal but also to produce for export which, as they concluded, would contribute to the dinar value increase. The Mission’s reports dating from this period exuded optimism, and the advisers often pointed out not only how cooperative Serbian officials were but also that they were ready to provide the necessary information at all times(HIA, ETA, Rec. 1918-1923, box 8, file 12: The report from the Secretary of Commerce and Industry meeting with the Mission members, 3. II 1920; Col. Atwood’s letter to Herbert Hoover informing him that the members of missions in the Kingdom of Serbs, Croats and Slovenes and Austria agreed upon the conditions of the future contract, 6.II 1920).
When it came to the metal mines, mostly state owned at the time, the Mission concluded that they represented one of the country’s most bountiful resources, and that, provided they developed under adequate conditions, they might serve as a sound basis for obtaining foreign loans that would provide sufficient funds not only for the rehabilitation but also for securing further industrial development of the entire country. They reached the conclusion upon touring not only metal mines in Serbia but also in Bosnia and Slovenia where they provided extremely detailed suggestions for their further development. The Mission’s members were actively advising the Minister of Forestry and Mining both on the issues of operation methodology and implementing new ideas. They were particularly active during the Coal Session of the Reparation Commission when they took adequate steps to protect the Kingdom’s interests. Their contribution was most obvious when it came to presenting the state’s arguments which were mostly based on the information the advisors obtained through their American colleagues in other European states. So, in January 1920, at the time when Yugoslav-Hungarian and Yugoslav-Romanian borders were to be decided upon in Paris, James A. Logan, the chair-person of The American Commission to Negotiate Peace in Paris, dispatched a letter, marked Confidential, to Col. Atwood, addressing it to American Consular Office in Belgrade. He informed him that, when it came to resolving Romanian-Yugoslav relations, Supreme Council of Reparation Commission had made “certain decisions” (January 10th, 1920) which were not at all favorable. Hence, in order to help the Kingdom’s Government, Logan urgently requested the opinion of American Mission in Belgrade. However, Atwood’s answer to Logan implied that he had received the letter as late as on March 10th, 1920, so Atwood expressed his fears that it was too late for any intervention. Among other things, he stated in the letter: „this country has never been treated by the Allies in a manner that could be described as fair... and that is why this country deems that they shouldn’t be trusted, that is to say not until resolving all the issues concerning territories that could be occupied in the future by others, it will not give up on this mining district (i.e. coal mine Pecuj – author’s remark). I completely support their standpoint“ (HIA, box 8, file 11: Col. Atwood's letter to James A. Logan 10. III 1920). The letter is a powerful illustration of how the Mission attempted to defend the Kingdom’s interests regardless of the fact that they concluded in its reports that the Minister had not shown particular interest in procuring materials or mechanization from the US even though “a certain amount of the required material could have been obtained from the American army reserves for which a 25 million dollar loan had been already secured”(HIA, box 8, file 11: Col. Atwood's letter to James A. Logan 10. III 1920).

Nonetheless, via his personal liaisons, a mining engineer Smith managed to help private mine owners get in contact with numerous American mining mechanization manufacturers which is why it was believed that in such a manner a certain amount of new and modern material would be obtained. Moreover, Smith was working on acquiring state of the art mining lamps from American Mine Safety Appliances Company for Pecuj coal mine in Baranja (HIA, ETA, Rec. 1918-1923, box 8, file 12: H.I. Smith's letter to the Ministry of Forestry and Mining, 10.II 1920). At the same time, the Mission was in a position to provide contacts to an interested American investor and to secure the safety of his investment in Ljubija iron ore mine and construction of a steel mill in the Kingdom. In the meantime, that is to say at the time when the final report was being drawn up, in 1922, it was recognized that “one of the most powerful financial corporations in the US” showed great interest in obtaining concession for the mentioned mine(HIA, ETA, Rec. 1918-1923, box 7, file 11: Final Report of the Technical Mission in the Kingdom of Serbs, Croats and Slovenes, William G. Atwood).
General recommendations of American Technical Advisors suggested that the policy to grant concessions should remain in the authority of the Government and representatives of foreign capital and that it should be adapted to all parts of the Kingdom. It was believed that such concession policy could generate the highest possible profit for the state without investing in unprofitable enterprises. It was estimated that that might vary from one mine to the other and from one ore type to the next. This was exemplified by the following – the price of adequately equipping and opening a coal mine might exceed the value of underground exploitation, which would be the case with a copper mine. In their opinion, the income from every mine generated by the state should be based on rough estimate of the ore value at a particular site and the percentage of the state’s investment in real property; or, if the state did not want to enter the partnership with a mining company, it could issue a lease for the mine’s property it which case the payment of profit would be conducted upon every ton of excavated ore. Because of that, they were of the opinion that granting exploration concessions should be much more carefully controlled than before, and that the concessions should not be granted neither to citizens of the Kingdom nor to foreigners unless there was a clear intent to conduct the exploration and mine construction in the afore agreed upon time frame. If the said was not realized, the concession should be cancelled. It was specifically suggested that the Kingdom’s Technical Department of the Bureau of Mines should be in charge of determining and estimating the type and scope of the necessary exploration activities depending on the value and importance of the site. Concerning the mining concessions, they were of the opinion that the state should most definitely be entitled to an adequate income, but, also, that it was to be expected of the company, that is to say the owner, to maintain continuity of construction and exploitation and implement measures of occupational safety. On account of that, they recommended introducing adequate penal measures, and even cancelling the right to concession in the case of discontinuing mining operations. As obvious examples, they listed two Serbian coal mines, Dobra and Aleksinac. Coal excavated at both mines was of the highest quality and the mines were in a position to resume production immediately after the war, but, even though the state’s need for coal had been enormous, due to the lack of man-power neither of the mines were not open yet. Hence, the advisors believed, it was highly necessary that, when granting concession to a company, the Bureau of Mines attested that the company in question was in the possession of available assets that could be invested in further development of the mine (HIA, ETA, Rec. 1918-1923, box 7, file 11: Final Report of the Technical Mission in the Kingdom of Serbs, Croats and Slovenes, William G. Atwood).

In addition to the activities already listed, American advisers spent a portion of their time analyzing the operation of Administrative and Technical Section of the Bureau of Mines. Their conclusion was astounding – the Section functioned solely thanks to the competence and capability of only one person, so, therefore, it was necessary to bring in more competent individuals. At the same time, they suggested the strengthening and clarification of the Bureau’s relations to mining outposts (bureaus) in the provinces. As it turned out, the demarcation line between the local bureaus’ jurisdiction and the one of the central Bureau appeared to be unclear. Fully aware of the fact that the opening of mines was a high risk and expensive endeavor at the time, and that it was difficult to obtain available funds anywhere in the world, the advisors concluded at the end of their mission at the Ministry that: “the opening of many of the mines of the S.H.S. will probably do more to stabilize the exchange and give the definite value to the money of the country than any other thing that can be done. For this reason a liberal policy should be adopted for the opening of a limited number of the important mines in order to secure both the income to the State and the foreign exchange values which would be created by the export of the product” (HIA, ETA, Rec. 1918-1923, box 7, file 11: Final Report of the Technical Mission in the Kingdom of Serbs, Croats and Slovenes, William G. Atwood).
The Role of American Advisers in the Recovery and Construction of Infrastructure in the Kingdom

During the Paris negotiations on forming the Technical Mission, Minister of Traffic Milorad Draskovic made a particularly positive impression on American representatives. This is believed to be one of the reasons why the Prime Minister Ljubomir Davidovic insisted that the representatives of the Mission should be in direct contact exclusively with the Ministry of Traffic. Minister Draskovic did in fact use his personal authority to convince the Council of the Ministers that the assistance of American experts to the Kingdom was necessary and benevolent (HIA, ETA, Rec. 1918-1923, box 7, file 9: the letter of American Envoy in Belgrade Dodge to Herbert Hoover, 1.VIII 1919). Thanks to him, activities concerning each point of the Treaty with the Technical Mission, whose main priority was to assist this Ministry, were successfully coordinated. Namely, immediately upon their arrival in Serbia, the advisers initiated a comprehensive study on railway and transport situation in the Kingdom in an attempt to better familiarize themselves with current demands and future needs. They were assigned a salon wagon by Minister Draskovic, and an old first-class coach was renovated, which were, according to Atwood, almost constantly in service. American advisers showed enormous admiration for the way in which Serbian state railway system had been restored to functional state after the wartime destruction. “The engineers and men who did this work deserve great credit and should receive recognition rewarded from their government if this has not already been granted” (HIA, ETA, Rec. 1918-1923, box 7, file 11: Final Report of the Technical Mission in the Kingdom of Serbs, Croats and Slovenes, William G. Atwood).

And while the railway tracks were restored to functional state quite promptly, a much greater problem for Serbia remained malfunctioning locomotives and equipment, lack of adequate telegraph and telephone communication and general deficiency in trained and disciplined personnel. Other parts of the Kingdom were not in such a poor state although the same lacks and deficiencies, to a smaller extent, were present there as well. The entire country was affected by coal shortage. In regard to the transport conditions, the advisers felt that they could be promptly improved by repairing the locomotives with the already available equipment. Repair facilities in the entire country were poorly equipped, so they were in no position to meet the challenges. The majority of locomotives were in dire need of massive repair which, at the time, could have been conducted at great service centers in Nis and Zagreb and so the additional improvement of their capacities presented itself as an issue that needed to be resolved urgently. The Mission donated several pieces of servicing equipment to the Nis facility, and during its stay it comprised a detailed list of the necessary equipment for all locomotive and railway car servicing facilities in the Kingdom. Initially, the advisers agreed with the Ministry of Traffic that, taking into account the financial situation the Kingdom was in, it was more efficient to make agreements with the neighboring countries regarding the repair of the existing locomotives then to buy new ones in the United States, the only market from which they could be obtained swiftly. They felt that the neighboring countries could complete the repairs successfully and efficiently, which perfectly met the Kingdom’s needs. However, after a while, it turned out that the capacities of service facilities in those countries were bellow expected and that they were already failing to complete the repairs for domestic needs. Since the revitalization of traffic and transport was deemed to be the absolute priority for the country’s recovery, purchasing the new locomotives turned out to be necessary and the advisors’ help welcome (HIA, ETA, Rec. 1918-1923, box 7, file 11: Final Report of the Technical Mission in the Kingdom of Serbs, Croats and Slovenes, William G. Atwood).
Thus, the Ministry of Postal and Telegraph Services was the first to grant the American advisors complete freedom to operate, particularly in regard to the procurement of the necessary equipment from the US, although, later on, Ministry of Military and Ministry of Trade and Industry followed. The lists of required material were personally signed by Minister of Postal and Telegraph Services Dr. Edo Lukinic, and Col. Atwood, using his authority and connections in *The American War Department*, managed to reserve, at extremely favorable prices, 75 locomotives, over 3800 train cars, approximately worth 8 million dollars, as well as cranes, machines for setting up posts, air compressors, tools, cauldrons, gas motors, generators, telephone and telegraph material, masonry tools and machine oil. At the time total worth of the selected material was under 12 million dollars (HIA, ETA, Rec. 1918-1923, box 7, file 9; Archives of Yugoslavia, The Embassy of the Kingdom of Serbs, Croats and Slovenes in Washington D.C. (371), folder 19). Material reservation was of great importance since other European counties expressed the need for this material as well, and the priority was given to those that immediately ordered in bulk, of which Serbian envoy in Washington D.C. Grujic and Col. Atwood repeatedly warned in their letters and telegrams. In the meantime it turned out that the ordered locomotives were too heavy for Serbian rails so the purchase was abandoned, and modification of the already sent lists was a common occurrence even though material reservation based on them had already been made (HIA, ETA, Rec. 1918-1923, box 10, file 4: Atwood's letter to Herbert Hoover discussing the change of Yugoslav politics, 14.IV 1920; Archives of Yugoslavia, The Embassy of the Kingdom of Serbs, Croats and Slovenes in Washington D.C. (371), folder 19). “The technical branch of this service is not sufficiently educated in the art of telephone and telegraph engineering. They are using copper wire very much larger than would be necessary if they used modern instruments, many of which instruments have been invented by Dr. M. I. Pupun, a Serb.” Due to this, before they initiate a comprehensive construction or reconstruction, they were recommended to reorganize the Ministry’s technical staff and place them under the management of a well-educated engineer, who would be in excellent command of the latest innovations in this field. This would result in major savings and development of a much more efficient telecommunication system. “At the present time one message is sent over a pair of wires two sizes larger than necessary to carry six telephone messages and a number of telegraph messages with modern instruments”( HIA, ETA, Rec. 1918-1923, box 7, file 11: Final Report of the Technical Mission in the Kingdom of Serbs, Croats and Slovenes, William G. Atwood).

However, in February 1920 Radical Party led by Stojan Protic formed the new government, which was completely uninterested in the existence and functioning of *European Technical Advisers* in Serbia (Mitranović,Brašić,1937): Not only did the coordination between the Ministry of Traffic and other ministries, on one side, and the Mission, on the other, cease to exist, but it also turned out that Yugoslav envoy in Washington D.C. hadn’t been receiving instructions concerning further actions in regard to the already obtained 25 million dollar credit for months. The correspondence between colonel Atwood and Herbert Hoover and correspondence between envoy Grujic and the Kingdom’s Ministry of Foreign Affairs, indicate that the common problem was the fact that the new government completely ignored the decisions and treaties made by the previous one. Minister of Finances claimed for months that he did not possess the credit contract made with *The American War Department*, and when the Mission confronted him with the copy, he thought that the loan duration was too short and that the state was unable to accept the credit under such terms (HIA, ETA, Rec. 1918-1923, box 10, file 4: Atwood's letter to Herbert Hoover discussing the change of Yugoslav politics, 14. IV 1920; Archives of Yugoslavia, The Embassy of the Kingdom of Serbs, Croats and Slovenes in Washington
D.C.(371), folder 19). But, although Yugoslav officials believed the loan duration to be short, they continued ordering the material without consulting European Technical Advisers, all the while changing the orders of the previous government. Thus, they lost precious time so the necessary technical material for railway and postal and telegraphic traffic was sold to other European counties. The loan from the United States Shipping Board was also canceled since it had been granted upon the request of European Technical Advisors, which Col. Atwood thought to be completely understandable considering the fact that the royal government had declined the Mission advisers’ services to which it had previously committed (HIA, ETA, Rec. 1918-1923, box 7, file 11: Final Report of the Technical Mission in the Kingdom of Serbs, Croats and Slovenes, William G. Atwood).

**Suggestions for Bridge Reconstruction and the Construction of New Railway Routes**

Immediately upon the advisers’ return from their inspection travels throughout the country, in late 1919 they drew up a special report which was then presented to the minister. The report indicated the existing problems and it offered the detailed recommendations concerning the manners in which they could be solved with the goal to rapidly restore Serbian railways to functional state. Namely, fifty separate reports concerning various infrastructural and transport issues were compiled. So, at personal request of the minister, Col. Coe conducted a thorough inspection of all the bridges between Belgrade and southern Serbian border thus delivering a comprehensive report that contributed to correcting and updating the existing data the office of the Chief Engineer of Construction had at its disposal. It turned out that railway and bridge reconstruction had been properly conducted, considering the complete lack of adequate material and equipment. However, it was also noted that certain larger bridges over the rivers Morava and Vardar should be replaced with temporary structures before the arrival of winter (1919/1920). Col. Atwood’s visit to manufacturing facilities of Austrian Wagner Bridge Company resulted in signing a contract with the Ministry of Traffic concerning the reconstruction of Serbian railway bridges. However, in an attempt to save a certain smaller amount of money, the representatives of the authorities, without consulting with American advisors and after the finalization of the plans, changed the specifications. The goal was to obtain lighter bridges which automatically led to limiting the allowed weight of the locomotives bellow the one that would have been more economical. The changes resulted in delaying the realization of the contract for six to eight months, and, hence, the replacement of the bridges could not have been conducted before the following winter (1920/21), and in the case of some bridges, not even then. The Mission also visited railway terminals in Belgrade, Zemun, Indija and Zagreb, offered recommendations for their urgent reconstruction and submitted detailed reports (HIA, ETA, Rec. 1918-1923, box 7, file 11: Final Report of the Technical Mission in the Kingdom of Serbs, Croats and Slovenes, William G. Atwood).

Parallel with this endeavor, a study on constructing new railway routes that would contribute to the Kingdom’s development was being conducted. What was most exigent concerning the traffic and transport in the new state was the construction of a mainline that would connect the east and west of the country thus facilitating import and export. So, accompanied by the Head Engineer Kuzmanovic, Col. Coe and Captain Porter toured the two suggested routes between Belgrade and the Adriatic, while Col. Atwood toured Lika and the Una River Valley, the potential route of a railway that would connect the
continental part of the country and the Port of Split. The only important railway line that was available at the time was the one connecting Belgrade and Rijeka via Vinkovci, Sisak, Karlovac and Zagreb. However, American advisors noted the route did not have sufficient capacity to satisfy the current needs, and because of that, the railway line that would follow the Una River Valley to Split would be of extreme importance regardless of the fact that the need to connect Belgrade with Dubica or Sunj would promptly emerge. Since the construction of the second gauge on this railway line would become necessary, the advisers suggested urgent preparation of the plans. Since Rijeka did never have the status of the main port, both because of the poorly designed port entrance and its limited capacity, the advisers almost immediately came up with an idea to connect the railway with the Port of Split. According to the advisers’ recommendation, it was to be built in Kastelski Bay and for immediate future it would not require a large expenditure at the point. “The opening of the Una River line will offer a fairly good outlet from the interior to the Adriatic, but this route is longer than is necessary between portion of the Kingdom producing the greatest quantity of agricultural products and the Adriatic” (HIA, ETA, Rec. 1918-1923, box 7, file 11: Final Report of the Technical Mission in the Kingdom of Serbs, Croats and Slovenes, William G. Atwood).

This comprehensive study on the railway traffic conducted by the Mission’s members emphasized that it would be very sensible to construct a separate railway line that would serve as the most efficient route for the export and import of products from the east regions of the Kingdom. After touring all the suggested alternative routes, it was concluded that it would be most efficient to construct a new route that would connect Belgrade and Kotor via Zemun, Sabac, Visegrad and Niksic. The advisors calculated that the distance between Belgrade and the sea by this line would be approximately 136 km less than the one connecting Belgrade and Split via Sarajevo, and no less than 175 km shorter than the existing mainline that connected Belgrade and Split via Dubica following the Una River Valley. According to their estimates, the line following the Drina River Valley was characterized by the fewest ascents and descents than any other railway line. Hence, its construction would cost several million dollars less than the railway to Split via Sarajevo. This route would also provide transport services to the part of the Kingdom that was at the time left uncovered by railway system and would most certainly contribute to more efficient exploitation of mines in western Serbia, eastern Bosnia and Montenegro. According to the advisors’ opinion, the change in the general traffic direction from the north-south axis to east-west axis would demand the construction of new railway tracks, mostly by using parts of older tracks and terminals. Hence, the capacity could be significantly increased by introducing additional turnouts and signals, as well as adopting the so called American dispatch train control system. They suggested that the competent domestic officials conduct a comprehensive study determining which dispatching additions were needed and where they would be located. “It seems to be the present idea to use the plans prepared by the Hungarians before the War, and while these plans, if carried out, would assist, they are undoubtedly not the best plans that could be prepared in view of the present conditions” (HIA, ETA, Rec. 1918-1923, box 7, file 11: Final Report of the Technical Mission in the Kingdom of Serbs, Croats and Slovenes, William G. Atwood).

In addition to establishing the connection with the seaside, the Mission insisted that it would be beneficial, if the financial situation allowed it, to establish an adequate connection between Serbia and Bosnia by constructing a narrow gauge railway, probably between Uzice and Vardiste, or Visegrad, the last station of Austro-Hungarian railway that connected east Bosnia and Sarajevo (www.visegradturizam.com/latinica/pruga-uskog-kolosijeka-visegrad-vardiste). At the same time, they insisted that the idea to construct
narrow gauge railway should be completely abandoned, apart from this particular section of the railway system and for short feeders to the normal gauge lines. The construction of the narrow gauge railway tracks should be discontinued even when connecting coal mines with the normal gauge railway lines considering the fact that it would influence the cost of coal handling. They believed that the limited capacity of the existing narrow gauge system was to blame for the insufficient exploitation of ore reserves in these regions and they wholeheartedly recommended that the narrow gauge system in Bosnia should be transformed into normal gauge railway system the moment financial situation of the state allowed it (HIA, ETA, Rec. 1918-1923, box 7, file 11: Final Report of the Technical Mission in the Kingdom of Serbs, Croats and Slovenes, William G. Atwood).

The representatives of the American Mission believed that the recommendations concerning the enhancement of the existing lines and the construction of new ones would soon result in creating adequate traffic and transport connections within the Kingdom, from Slovenia to Romanian and Bulgarian borders. “It will have available for export and import, the port of Rijeka, serving Slovenia, and extreme western portion of Croatia; the Una River line to Split serving the remainder of Croatia and western Slavonia; and the Drina River line to Kotor serving the remainder of the Kingdom, except perhaps, southern Serbia, which would for the time continue to depend largely of the existing railway to Salonica”(HIA, ETA, Rec. 1918-1923, box 7, file 11: Final Report of the Technical Mission in the Kingdom of Serbs, Croats and Slovenes, William G. Atwood). As the state continued to develop, they suggested establishing a railway connection between Nis and Thessaloniki and constructing tracks following the Drina River. They also discovered that the mountain regions of the Kingdom abounded in the unused water power resources whose exploitation, as soon as the financial situation allowed it, would, in their opinion, contribute to further development of not only the railway system but the state’s industry as well. Thus, they particularly insisted on the need to conduct a comprehensive study on the water resources in this part of the Kingdom and potential electrification of at least a section of the railway line before the construction of the River Drina railway line was initiated.

Analysis of the Operations and Suggestions for Improved Functioning of the Ministry of Traffic

American Technical Mission soon detected major flaws in the functioning of the Ministry and pointed out its incompetence and inefficiency to conduct the tasks at hand. Namely, as it turned out, one of the vital departments, the one in charge of providing supplies and services to railway and other traffic systems, did not exist at all. Hence, they felt that one of the most urgent needs of the Ministry was to establish a separate unit led by an experienced individual who would be knowledgeable of not only transport and traffic but economy as well and who would directly answer to the Minister. “The head of this organisation, probably the Under-Ministry of Communications, should be a broad minded man of wide experience and a knowledge not only of transportation but of economics. He should be a man of sufficient ability to be able to judge clearly as to the desirability of expenditures when money is very hard to obtain in cases where these expenditure would earn a large rate of income and repay the investment quickly. Such examples are in mind as the purchase of modern machinery, to save expensive and inefficient hand labor, the purchase of locomotives in order to be able to export and distribute the harvest and similar matters”(HIA, ETA, Rec. 1918-1923, box 7, file 11: Final Report of the Technical Mission in the Kingdom of Serbs, Croats and Slovenes, William G. Atwood). The individual in
question should most definitely be a highly qualified citizen of the Kingdom, but, if the position could not be filled in such a manner, they advised hiring a competent foreigner who would, in a short period of time, successfully train an adequate individual from the Kingdom.

The Mission also put forth suggestions concerning the following: organization of the railway traffic within the Ministry, which departments should the Ministry be comprised of and which educational and professional skills should the staff possess. One of the reports discloses a doubt whether, at the time, adequately trained personnel existed at all. Hence, they felt that the solution was to carefully select the department directors who would be capable of selecting and training a number of employees and who would complete the selection process with the help of a foreign expert. His sole task would be training of the domestic staff in the shortest time possible. The advisors also detected that out of the existing departments only one or two operate with efficiency. What astounded the advisers the most, and what prompted them to deal with the internal organization of the Ministry, was the fact that the control over the railway system was not centralized in the Minister’s cabinet, as it should be. This resulted in the Minister and his closest associates not receiving daily information and reports necessary for the efficient functioning of the Ministry (HIA, ETA, Rec. 1918-1923, box 7, file 11: Final Report of the Technical Mission in the Kingdom of Serbs, Croats and Slovenes, William G. Atwood).

Another major problem of the newly established state was the decentralized system of administration. Separate directions, spread out throughout the Kingdom, had jurisdiction over sections of railway traffic and were similar in form, yet the level of their efficiency significantly varied. The advisers were of the opinion that the internal organization of each direction should correspond to the one of the Ministry. They particularly insisted on directors and managers significantly increasing the amount of time spent on site that is to say on the tracks themselves, all the while monitoring the work of their subordinates. “The Director should so organize his office that he can delegate to his subordinates practically all routine duties so that he may be able to spend at least one-third of his time on the road. The same rule applies to the heads of the various Departments. The head of a Department should not remain in his office signing papers and receiving reports. He should actually go on the road and see what is being done. Men should not be placed in these positions unless they have practical working knowledge of the Departments, no matter how much university education they may have. It will occasionally be found that a man without a university degree can perform the duties of the highest position more satisfactorily than anyone else, and in this case he should have the opportunity”( HIA, ETA, Rec. 1918-1923, box 7, file 11: Final Report of the Technical Mission in the Kingdom of Serbs, Croats and Slovenes, William G. Atwood ). Hence, they determined that the enormous improvement of transport conditions achieved within merely eight months was mostly to be contributed to non-managerial staff and manual workers, and that it could truly be claimed that they actively performed their duties. The advisers particularly emphasized the willingness and readiness of the common people to accept their advice, and so, taking into consideration the entire Kingdom, their general opinion of the non-managerial staff and common workers was exceptional, and that the technical reconstruction of the railways south of Belgrade proved the high level of their capability and resourcefulness. Aware of the fact that the politics had permeated through all the pores of the society, they publicly appealed for all the services in charge of the country’s social and economic development to be exempt from that if the rapid progress was to be achieved. Serbia, and for that matter the entire Kingdom, suffered from the lack of professional and educated staff, and under such circumstances the key governing positions were filled on account of political suitability and not knowledge and
competence, so it didn’t come as a surprise that the members of American Mission doubted the possibility of further social and economic progress. Their appeal that the government must put in more effort and funds into training and education, unfortunately, sounds very relevant even today (HIA, ETA, Rec. 1918-1923, box 7, file 11: Final Report of the Technical Mission in the Kingdom of Serbs, Croats and Slovenes, William G. Atwood).

Conclusion

By May 1920, the Radical cabinet of Stojan Protic managed to completely suppress the functioning of the Mission. During that period American advisors turned their activities towards Serbian entrepreneurs who came to their Belgrade office seeking concrete aid or advice on the manners concerning the reconstruction of their factories, mines, workshops and local roads. It turned out that this type of the Mission’s assistance was much more productive since it conveyed the purpose of American Mission to wider Serbian public. Hospitality and good-naturedness of these people helped American advisors in deciding not to give up on their mission before the expiration of their one-year contract, although the sense of complete usefulness was ever-present in their correspondence from this period. They, on their own initiative, visited the sites and participated in reconstruction of destroyed bridges and railroads south of Belgrade, and American major and mechanical engineer McMillan became a “local hero” among the Serbs (HIA, ETA, Rec. 1918-1923, box 10, file 4: Atwood’s letter to Herbert Hoover, May 1920).

In May 1920 the Cabinet of Stojan Protic collapsed and a new coalition government was formed. The Mission’s activities slowly continued and it appeared that the advisors could finally offer their full contribution to Yugoslav government so as to finally animate the country’s economy. The problem was that their one-year stay in the Kingdom was nearing its completion. Col. Atwood’s suggestion concerning the continuation of the Mission’s operations came at the worst possible time for the Government. Burdened by partisan conflicts and disputes concerning electoral law and setting up the constituent assembly, the Kingdom’s government failed to react to the offer at first (HIA, ETA, Rec. 1918-1923, box 10, file 4: Atwood’s letter to Herbert Hoover, May 1920).

After receiving another letter from Col. Atwood on August 5th, 1920, the Council of Ministers led by the Prime Minister Milenko Vesnic sent a letter to European Technical Advisers Belgrade office which stated: “Royal government, thankful for the extremely successful and thorough assistance of the American Mission on conducting traffic reconstruction, feels that the present state of our railways, thanks to good cooperation between American technical advisors and state officials, makes the termination of the mission possible“ (HIA, ETA, Rec. 1918-1923, box 10, file 8: the Kingdom’s Council of Ministers letter to Col. Atwood, 5. VIII 1920). It was quite apparent that these were not the actual reasons for the termination of the mission. The pressure made by Radical politicians on the coalition government, unsettled situation among the political parties, lack of understanding for the importance of the swift economic recovery and further development of the country were actual reasons that resulted in American advisors heavy-heartedly leaving the Kingdom by the end of September 1920. In his last report addressed personally to Herbert Hoover, Col. Atwood expressed enormous regret on account of the fact that the Mission had not been able to offer more help in rebuilding the country emphasizing the wonderful cooperation with the people with whom they had worked on daily basis, but also with those whom they had encountered during their work. “The members of the Mission have been received and assisted by the subordinate officials and the people with whom they
have come in contact in the kindness possible manner. They leave the Kingdom with a feeling of deep affection for the country, its ruler and its people, and with a feeling of regret that more benefit to the country has not been derived from their services. The hope that their reports and recommendations will be of increasing value to the Royal Government and that they may aid in placing the S.H.S. in the position of power to which her resources and the character of her people entitle her" (HIA, ETA, Rec. 1918-1923, box 7, file 11: Final Report of the Technical Mission in the Kingdom of Serbs, Croats and Slovenes, William G. Atwood). One must admit that in a state whose parliament was increasingly preoccupied with politics than with the social and economic development of the country, where governments often collapsed and ministers were often replaced, suggestions and reports of this American expert mission had never been seriously considered. Based on the existing sources and scientific literature dealing with this period of Serbian and Yugoslav history, it appears that the Mission had never existed. None of the State Railway official publications, comprehensive monographs on the Kingdom’s mines or serious books, dating from the period, that addressed the subject of the country’s economic development does not mention the presence and assistance of the American advisers(Milenković, 1938).The Kingdom’s Government had never demanded to obtain their final reports. Eventually, they ended up in the archives of European Technical Advisers in the Hoover Institution Archives at the prestigious Californian Stanford University as a testament to a time that keeps repeating itself.

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