

## Natural and Social Conditions for Economic Development: Case Study Northeastern Montenegro

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**Abstract:** *This paper analyzes the natural and social conditions for the development economy in northeastern Montenegro, in the example municipalities Berane, Andrejevica and Plav in the geographical context of its utilization and use. Spatial distribution of the economy is determined by the natural and social conditions. The natural conditions in terms of the economy are of particular significance relief, climatic and hydrographic conditions, soil... According to degree benefits of natural conditions extracted are three relatively homogeneous regions. That is, which rational production of this part of north-eastern Montenegro, can be organized taking into account the natural conditions and the level of socio-economic development. For collocation and the structure of the economy have an important role in the social conditions which the economy is formed. Our research the records clearly pointed to the forefront some very obvious problems: first, is related to the population, especially in workforce, respectively, for the aging; second, that there is a strong migration of people whose intensive processes of differentiation and left behind an unfavorable structure of the population - age and education what the any negative impact on economic development; third, the characteristics of land area, its small size, inadequate and outdated processing, low technical capacity. The natural resources of this part of north-eastern Montenegro, as well as the population as a factor of economic development need to have met: economic, social, developmental organizational and management dimension to be on benefit the present, but also future generations.*

**Keywords:** Northeastern Montenegro, natural conditions, social conditions, economy, development

**JEL Classification:** O40, F21, F41

### 1. Introduction

Northeastern Montenegro is a geographical unit which comprises 10.8 % of the total area of Montenegro (13.812 km<sup>2</sup>), that is, living in the territory, 8.12% of the population compared to the total population of Montenegro in 2003(673.094). Territory includes three municipalities: Plav, Andrijevica and Berane, with an area of 1.486km<sup>2</sup>, which is by the census of 2003 year, 54.658 people lived or 36.8in/km<sup>2</sup>.

Starting with on the classification of natural potentials Dinića (1981), we tried to find answers too many economic issues related to this part of north-eastern Montenegro. So also base or the theoretical basis from whom we started in the definition aims of the study and the

perception of natural potentials the observed geospace in the context of his exploitation and use. The focus of in research is based on studies Auty (2000), Gylfason (2001), Auty (2002), Toman (2003), Mensah and Luciana (2004), who emphasizes the use of natural resources and their economic valorization, should be planned oriented and specifically controlled. Therefore, the natural wealth of this part of north-eastern Montenegro has an important place in the total material resources for economic development. That is, belongs to a group of material factors that determine the scope and structure of material production. From the point of importance for economic development, natural wealth of the observed geographic space we can define also as totality of all natural conditions, which may economic activate and used for the development of material production and the growth of GDP and national income. No matter what kind, structure, and individual quantities, natural wealth is the basis for an upcoming economic development of this part of north-eastern Montenegro. Sure, there's a part which has to stay outside the economic and commercial flows, and which should be preserved for present and future generations.

Social conditions of the population in the first place, have a major impact on economic development. The question is to what extent it available manufacturing funds satisfy needs of the population as a factor of production, on one hand and as a consumer of produced goods, on the other hand (Blom et al 2001; Sinding, 2009). Maltus (1973) in their study, "An Essay on the Principle of Population" examines the growth of population and compares it with the development of the economy. Concludes that the population is growing by geometrical ratio, while production of the means for maintaining the population growing by arithmetical progression. Since the population is growing far more rapidly than is the case with the means necessary for his subsistence, comes according to Malthus (1973) to the mismatch between population and available material resources. However, in the international literature has increasingly the opinion that population growth increases production capabilities and consumption capacities of society. Kunznets (1955) emphasizes that growing population opens opportunities for growth the accumulation. Problems related to the population growth and use of population as of one factor of economic development is different in underdeveloped and developed countries. Of course that for many number of underdeveloped countries or developing countries with of urban unemployment and spread of non-agricultural population, unemployment and semi-employment in agriculture, creates undeveloped or in developing countries, such as Montenegro, very serious problems in terms of their further and rapid economic development. If to all this we add the low qualification structure, or inability of the population, particularly rural to engage in the use modern technique and technology, then these problems are even more acute. The use of even such techniques and technology that is not the most modern, creates problems in terms of employment and in terms of the inability that is in this way provide enough accumulation for further accelerated economic development of the whole country, and regions within it (Bloom et al 2001; Hirschman, 2004; Sinding, 2009; Bajpai 82012) what kind of is And this part of Montenegro. If the all this in mind, then does not surprise us fact that population policy is increasingly becoming a part of the economic policies and a very significant part in developing countries, and developing countries. Viewed as a whole, the population we can consider as a factor which will positively impact on economic development of the north-eastern part of Montenegro, of course, if the available natural and social potentials to be use the better than hitherto.

## **2. Research Methodology**

This research aims to introduce the professional and the public about the natural and social conditions for economic development in the north-eastern Montenegro, for example, the municipality Berane, Andrejevica and Plav in the geographical context of its exploitation and use. Results of research have been used. Results of the study were used to determine

which rational production considered geospace can be organized, taking into account the natural conditions and socioeconomic development. Objective of this study it was possible to realize combined use of different research methods. The core of methodological procedure in this research include: descriptive, a causal, comparative method and theoretical analysis. Descriptive and causal methods have been used to detect the cause consequential link between the natural and social resources and economic development. Based on the properties of relief, climatic and hydrological conditions, the prevalence of soil types in the observed geographic space, done is to collect data by which examined differences and similarities between the three separate regions for economic development. Methods of theoretical analysis encompassed theoretical basis of the research. Application in the text is found itself and the method of alternating splitter design in Systems 6/6, developed at the Institute of Geography, Polish Academy of Sciences (Kostrovicki, 1969, Kostrovicki 1970). The process at applying the method, "kolejnih ilorazow" (alternate splitter design) gives the Tyszkiewicz (1978). The combination of these methods it is possible to validly defined achieve the research goals, which relates to on natural and social conditions for economic development in the north-eastern Montenegro, based on examples from Berane, Andrejevica and Plav. In the scientific explanation of terms, have been applied the two methods are used: the method of analysis and synthesis methods. The method of analysis we were able to deconstructed the complex notions and courts in research and bring out conclusions as to their simpler components and elements. Synthesis methods included is way of systematization of knowledge according to the laws of formal logic, a process of theoretical knowledge in the direction of special to general.

### 3. Analysis and Discussion

Under the economic - geographical notion northeastern Montenegro, the example municipalities Berane, Andrejevica and Plav we mean on the part of Montenegro, which includes the upper basin of the river Lim from its source to gorge Tivran. It is a In fact, that part of the territory of Montenegro, which is filled with high mountain elements relief, whose is a business geographical position unfavorable, because it is located far of the main roads. Except for the continental branch of the Adriatic Highway, nor one road Yugoslav or European importance, does not intersect or touch the analyzed geographical space. Isolated traffic and geographical position unfavorably affects on economic and social development of the analyzed geographic space.

Spatial distribution of the economy is determined by the natural and social conditions. The natural conditions in terms of the economy are of particular significance relief, climatic and hydrographic conditions, soil...

Thanks to the geological structure of the analyzed geo space in Berane valley are located significant reserves of coal and lignite. Undoubtedly the most significant energy source represents brown coal. Widespread is in all parts of the valley (Budimlja Petnjik, Zagorje, Seoca, Beran village, Dolac). Total coal reserves amount to 176.231.197 tons and secondary calorific value is 16.700. In a series Miocene are located immense reserves of marl (Police, Jasikovac the hamlet Đuraci). According to the Lutovac (1957) only reserves Jasikovac able are that ensure the production for two hundred years, if would per year produced an about 80.000 tons. So far, albeit not a complete geological survey confirmed the existence of, a range of precious metals (lead, zinc, copper, iron and pyrite) and non-metals. Decorative stone is a kind of resource that is largely speaks about the beauty of this part of north-eastern Montenegro. Marble and marble breccias were found in several places, but the largest reserves established by on Žoljevica (5.283.300 m<sup>3</sup>). However, they consider that is mining, respectively industry in this part of north-eastern Montenegro considering to the

presence of coal and minerals, it is reserves, as well as tradition, only partly used the possibility provided by the raw material base (Rajović and Bulatović, 2013).

Of the relief a whole of this part of north-eastern Montenegro for economic development special importance is belt basin (645 m altitude - 948 m altitude). From the point of the economy Berane, Andrijevića and Polimlje valley have the most favorable conditions for intensive agricultural production, summer tourism, construction and transport development. Favorable structure slope to 3 °, the dominant non-exposed exposure, fluvial land of high productive potential, allowing intensive agriculture. Belt valley is important for summer tourism, specified summer tourist season. Season bathing tourism takes 30 to 90 days. In relation to recreational use, value assessment can be carried out in terms of benefits of rowing sports, particularly kayak (total decrease Lima on the move Murino Andrijevića is 75 m, and Andrijevića Berane 85 m). Average annual flow of water meets the needs of kayaking. Rowing, sailing is, walking and excursions are possible in the rivers of the relief the whole. Morph metric conditions for construction are also favorable. Given that in this a whole dominant slope of 1 ° - 3 °, no exposed surfaces, good hypsometric structure, the construction season is about 260 days, which provides very good conditions for building settlements and roads. Compared to the corresponding climatic characteristics, mean annual temperature air about 8 - 10 ° C, relative air humidity 75% makes this area suitable for settlement and livelihood of the population. Valley Plav-Gusinje in southern part, characterized by mild forms of relief and side slope, which makes this unit a relatively favorable for are development of the economy. However, it still lags behind in terms of the value of Berane, Andrijevića and Polimlje. As an administrative unit belongs to a second class of so-called highly suitable land for agricultural production, and facilitates the development of summer tourism, that is to meet the needs kayaking, rowing, sailing is, walking, underwater and sports fishing. Regarding the development of construction and transport valley Plav-Gusinje belongs to the third class of suitable terrain for no exposure and altitude belt length period without frost (124 days) and class II from the perspective of the construction of transportation infrastructure (Rajović, 2013).

For evaluative assessment of agro-climatic conditions, the relevant parameters are: thermally conditions, duration of sunshine, cloudiness, relative humidity, moisture regime, precipitation, winds. Most of agro-climatic parameters positive effect the development of agricultural crops, especially in the lower altitude zone, volume of soil moisture regime during the growing season, characterized by deficits of moisture in July and August. In this part of north-eastern Montenegro I can are distinguish three Agroclimatic regions which provide the conditions for agricultural production:

Low agro-climatic region includes the area of mountainous and valley parts at an elevation of 645 meters above sea level 1100 m altitude, suitable for growing field crops and orchards. Sam plant, there are good conditions for the development of livestock production.

Moderate mountain agro-climatic region covers altitudes between 1100 meters above sea level 1700 m altitude these are generally steep mountain slopes, covered with dense forest. Straighter terrain is mostly covered by meadows, while the area under arable minor (grown mainly potatoes, barley, and oats).

High mountain agro-climatic region encompasses landscapes above 1700 m altitude. This region is not a single day with the average daily temperature than 15 ° C. The largest area in this region is mountain grasslands with blueberry and juniper (Rajović and Bulatović, 2012).

During the growing season in the north-eastern part of Montenegro because of the low summer water flow, inaccessibility coast, distance from the river beds, the possibility of the use of water for irrigation. By comparing the deficit humidity and monthly flow during the growing season, it can be noted that the temporal distribution of available water for

agriculture is insufficient. The striking discrepancy between available and required amount of water for irrigation of crops, there is during July and August. Great fortune analyzed geo space represent the hydrographic objects that are not adequately utilized. The most important are the Plav Lake and the River Lim, who are still waiting for ultimate protection and different possibilities of exploitation.

Automorphic and hydromorphic soil of this part of north-eastern Montenegro, have different production possibilities. With increasing altitude, and other natural conditions, deterioration, reduced productive capacity land. However, the depth and physic-chemical properties, soil analyzed geo-space varies and on very little spaces. Of the automorphic soil stand out are clay soil and cultivating soils. These types land widespread is on river terraces and slightly sloping relief surfaces of constructed of lake sediments and crystalline schist's. Despite the unfavorable water-air properties and texture composition they are potentially fertile soils for most crops. On more arid parts of the river terraces, cultivating soils are somewhat more favorable water-air properties, and are suitable for growing of various types of fruit. The most represented hydromorphic land in this part of the north-eastern Montenegro is fluvisol which comprise the bulk of the alluvial plains of rivers. The production potential is most important soil where are him different agricultural culture. For alluvial soils are bind almost intensive cultivation of vegetable crops (tomatoes, cucumbers, green beans ...). When we observe the development of land types in the analyzed geographic space in are vertical average, evident that the productive soil types associated with the parent substrates of Neogene to Quaternary sediments. Above the upper limit of development of Neogene sediments inputs the in belt of forest and meadow land. The fact is that are and those in the recent past in this part of north-eastern Montenegro determined using for fields land, expression is primarily agrarian overpopulation.

By their activities man is not only degraded the soil of the, but it is also destroyed the original forest vegetation, thus creating the agrarian vegetation cover physiognomic, functionally and structurally very different of natural. However, since the sixties of the last century in this part of north-eastern Montenegro, with the decline of agrarian overpopulation and difficulties the use of modern machinery gradually comes to the abandonment of agricultural land and spontaneous revitalization of the natural vegetation cover. In addition to the process of reducing the area under agricultural landscape in analyzed the geographic space affects the urban construction, the construction of infrastructure facilities... Climate, hydrographic and pedological conditions adapted to diverse flora and fauna. Floristic diversity represents significant aesthetic and decorative, recreational, hygienic and health value. Much numerous wild animals in this part of north-eastern Montenegro are one of the richest in Montenegro. Nature protection includes permanent storage of natural resources, geo Fund and the natural conditions of life, which are of vital importance for the survival of man in observed geographic space and meeting its economic, health, recreational, scientific, tourist and cultural needs. This concept protection of nature is based on the ecological principle of unity of living communities and populated areas, which are compiled in the ecosystem, and an integration of the highest order.

Based on the properties of relief, climate and hydrological conditions, representation of land types in this part of north-eastern Montenegro extracted are three relatively homogeneous regions for economic development:

- I area - tied to valley Berane, Andrijevica, Polimlje and Plav-Gusinje basin and the low landscapes middle mountainous terrain up to 1100 m altitude. Favorable structure slope, not exposed exposure, favorable thermally and other climatic conditions, the possibility of irrigation, land cover and other natural conditions, allow the intensive crop production in lower and fruit at higher altitude zones. The hypsometric analyzed a whole expressed are other natural

features of the development of economic activities (industry, transport, construction, and tourism).

- II area - is related to the mountain belt of 1100 meters above sea level - 1700 m altitude. This space area is characterized by worsening relief, thermal and land conditions. Therefore, in this area the dominant share of grassland and forest ecosystems. With the point of view of tourism, this area provides opportunities for the development of health, sports and recreational tourism. Considering, on presence of minerals (lead, zinc, iron, pyrite), provides the foundation for the development of mining. Building season lasts 230-250 days, but to specific works (on example work with concrete), this period coincides with the length of period without frost, which ranges from 67 to 117 days. The absolute height of snow in this area, may be bigger than 200 cm, which impedes undisturbed traffic flow.
- III area - includes high mountain belt above 1700 m altitude represents the most complex the whole in this part of north-eastern Montenegro. In this area are represented the most complex ecosystems and landscapes greatest biodiversity. With the tourist point of view of this area is suitable for observation, hiking, mountain climbing, excursion checkpoints. It is known to stay on this altitude favors athletes, healthy people, but in many patients normalize the situation by improving the defense capabilities of the organism (Rajović, 2011).

On the development structure and spatial distribution are of the economy in addition to natural

affecting and social conditions in which the economy are formed. In this regard especially are important quantitative and qualitative characteristics of the labor force, respectively the aging, and the characteristics of the Land Fund its small size, low technical equipment, the degree of intensification of agricultural production...

The population has increased in the period 1948 - 2003 years with 53.477 on 64.658 populations, or 2,16%, but with tendency of reduction from 1981. Namely, in the period of 1981-1991, the population of northeastern Montenegro was reduced from - 0,63% to - 6,31% (69.332-69.594), 1991-2003 years with - 6,31% to - 15,9% (69.954-64.658). Based on of expressed tendency of the total population trend is possible to identify with one side of depopulation zone and the zone of stable demographic development (areas of population concentration) on the other. In the depopulation of areas that include 85 out of 113 villages, or 72,81% (1.082 km<sup>2</sup>), the total area of the north-eastern part of Montenegro (1.1486 km<sup>2</sup>), according to the census of 1971, were living 37.851 people (59,94% of total population), and 2003, 9.578 people (17,52% of the total population). Areas of population concentration recorded population growth, according to the census of 1971 they were living in 31.042 people (45,06% of the total population) in 2003 and 45.080 people (82,47% of the total population). Can be noticed that the proportion of young people in this part of north-eastern Montenegro (up to 19 years), in the total population decreased from 49,18% (30.980) in 1961 on 31,00% in 2003 (16.941). Share of elderly population (60 and over) in the same period increased from 8,73% (5.498) on 18,41% (7.963). In the observed geographic space, we can conclude that it is more male than female population. The share of the male population in the period 1961 - 2003 has increased from 49,44% (31.141) on 50,02% (27.340), and the female was reduced from 50,56% (31.844) on 49,98% (827.318). On the disproportion of males and females affect the participation of men in migration in the early stages of industrialization, which resulted in the participation of men. The educational level of the population indicates the degree of educational and cultural level of the population. Besides the significant decline of illiteracy in the period 1961 - 2003 with 17,86% to 7,01 this problem is even more acute. A

significant part of the population has without educational attainment 5,31%, or incomplete primary education is 13,44%, 29.03% of the population aged 10 years and over has elementary school. Process of deagrarization is enhanced by the due to the transition of agricultural labor force in non-agricultural activities. As a result, in the period 1961 - 2003, active agricultural population was reduced by 12.596 or 66,69% on 1.568 or 14,08%. Migration of population is point to uneven population density and concentration of population. The existence of a large number of settlements to 500 people (81 settlements) is not convenient for to modern flows to vital economic development. The existence of a large number of settlements to 500 people (81 settlements) is not convenient for to modern flows to vital economic development. It can be seen lack of settlements with over 2000 populations (only 4 villages have more than 2000 population: 12.651 Berane, Luge Beranske 2.011, Gusinje 3.015, Plav 5.554) (Rajović and Bulatović, 2013).

Percentage share of households that regularly or occasionally engaged in agriculture in the total number of households (1981 - 13.801; 2003 - 16.956) declined from 2.118 in 1981 to 1.686 in 2003 or for 432 (78,12 Index). In the same period, the number of mixed households increased from 1.120 to 2.234 or for 1.114 (index 199,44). Therefore, number of households that are regularly or occasionally involved in agricultural activities increased by about 1.546 households. In the structure households, whose members regularly or occasionally engaged in agriculture production, mixed households in 1981 the percentage accounted for 34,6% and 2003 with 56,9%. Of the total agricultural area of the private sector owns approximately 89,87%. Dominant participation private sector, well as the law on inheritance, has negatively affected the size of the estate of agricultural holdings. In agriculture northeastern Montenegro are dominated by agricultural holdings. Agriculture in northeastern Montenegro, dominated by agricultural holdings which estate dispose of less than 5,00 ha and to 91,36%, and estates larger than 5,01 hectares, 8,64% had of agricultural holdings in relation to the total number. Furthermore, agricultural land private of agricultural holdings, depending on the size of the property, has fragmented into a number of pitches, different from the economic yard. The size, shape and length of the land in this part of north-eastern Montenegro are the result of agro-property relations and familial division. The average parcel size is 44 acres.

During the twentieth century has been formed of the land areas in which the allocated agricultural land, forests and forestry land and infertile land. Of the total area of the north-eastern part of Montenegro in 2005 (148.600 ha) of agricultural land covers 67.740 hectares, forests and woodland land 62.432 ha and 18.428 ha barren land. Directions (ways) use of agricultural land observed geographic space were determined natural suitability (relief, climate, land ...), on the one hand, and social factors (tradition, quality of the workforce ...), on the other hand. In fact, the directions of for use of agricultural land indicate the degree of development and intensity agriculture, or the extent to which agricultural production agrees with the available agro-potential, the market needs. In the period 1964 - 2005 there has been a change in the use of agricultural land in the direction reduction of area under fields and gardens and pastures. In contrast increased land under orchards and meadows. Arable land in the period was reduced from 8.440 ha in 1964 on 6.772 ha in 2005 or for the 1.668 ha. Lands under orchards increased during the same period from 1.826 ha on 2.334 ha, respectively for 508 ha. Areas under meadows, recorded a slight increase from 19.926 ha on 20.502 ha, respectively for 576 hectares. Land under her suburbs in the period 1964 -2005 was reduced from 40.286 ha on 37.821 ha, respectively for 2.465 ha. Relative to the optimal use of land resources and rational agricultural production, changes in the structure using a positive and negative impact. Applying the method of alternating splitter design in Systems 6/6

(Kostrovicki, 1969, Kostrovicki, 1970), we found in northeastern Montenegro in 2005, following the direction use of agricultural land: P3L2O1-type middle representation of meadow, with a higher share of pasture and of the arable land involvement<sup>1</sup>. Appreciating the fact that almost the entire territory of the north-eastern part of Montenegro under hilly or mountainous areas, it is quite understandable that the examined geographical space disposes with large areas under meadows and pastures. On the formation the use of plowed land, in addition to natural conditions, has influenced demographic trends, the ability to use modern mechanization and other cropping practices, traditions... We could get the proper picture of the structure of arable land in northeastern Montenegro, and here we are applied method of alternating splitter design 6/6 and found in 2005, following the direction of the use of arable land: Po2Sk2Ž1No1-type with equal participation of vegetables and livestock fodder and granary involvement plants and non-orders processed arable land<sup>2</sup>. Thus obtained plough able direction is a typical reflection of the underdeveloped agriculture, where all the products, and where all arable areas not used rationally. The intensity of agricultural production in this part of north-eastern of Montenegro is the insufficient use of scientific farming and agromelioration measures. These measures are reflected in the an outdated processing, low-technical equipment, use of mineral fertilizers, plant protection products, a relative application of high-yielding varieties of agricultural crops, irrigation, crop rotation ... Judging by the number of tractors degree of mechanization is low because on one tractor coming 12 ha of arable land. Other agricultural instruments (Ploughs, plowshares ...) are much greater extent represented in the observed area, which indicates primitive soil tillage. If we take into account the chemical properties of the soil in this part of north-eastern Montenegro, is best reflected in the low sufficiency phosphorus and potassium and artificial fertilizers consumption (61 kg / ha - Montenegro.). Because of the lack of statistical data on the use chemical agents in agriculture considered geospace we can assume that the use of small or even negligible, despite the enormous importance of these products for the protection of vegetable, fruit and other crops. The process of introducing high-yielding plant cultures and purebred cattle agricultural in this part of north-eastern of Montenegro is as more or less similar in other parts of the former Yugoslavia. Most important changes in the composition of the varieties present in vegetable and fruit production, the domestic and foreign high-yielding varieties. In contrast, the in racial composition of cattle prevalent race was obtained by crossing domestic and foreign breeds. The values of hydrothermal coefficient indicate the need for irrigation of agricultural crops during the growing season. Agricultural crops greatest need for irrigation is in July and August. Because of the minimal flow river, high river banks and a considerable distance from the land of the river bed, of river water the rarely used for irrigation. The construction accumulations and water reservoirs equalize. Would the flow river which would provide far greater possibility of accumulating is significant quantities of water for irrigation. Results of the analysis of agriculture suggests on the following conclusions: (1) in the territory of the north-eastern part of Montenegro, insufficient attention has been paid to the problems of agriculture, and especially the choice of the optimal structure of production, (2) the previous way management (small parcels, old processing, uncoordinated production structure ..) is not in agricultural development. Greater respect of agriculture as a primary activity, which can be is comparative advantages of the analyzed geospace (3) the most important and most urgent of measures would be directing farmers that the catchall exceeds

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<sup>1</sup> The variables and their symbols used in the formula: O-arable land, V - orchards, L - meadows, P-pastures.

<sup>2</sup> The variables and their symbols used in the formula: Ž - grain, I-Industrial Crops, Po - vegetable crop, Sk-cattle-forage crops, No-uncultivated arable land.

on a certain specialized type of production. Considering on geographical, traditional and other conditions, the population of this part of north-eastern Montenegro should first gently, and then more to direct on cattle breeding and as a main activity. Considering the results that we obtained in the study indicate that plant production is used to meet the needs of the household. A smaller part of the intended is market. Livestock production is oriented towards obtaining meat and milk, with the fact that sheep breeding have prevails over breeding of cattle. Growing other types of livestock gets almost negligible amount of product, and they do not have a more important role in livestock production observed geospace.

Ours records the research foundations on similar research Pedersen and Arneberg (1999), Rupasingha and Goetz (2003), Crandall and Weber (2004), Bourguignon (2005), Peracchi (2006), Union (2012), initially points out several important observations when it comes to narrower part of the economic activity in this part of north-eastern Montenegro:

1. That craft activity does not feature development that fit the needs the domestic population and economic development for a variety of quality products and services.
2. That the trade capacity are not were brought up to the required level shows to us data. In the municipality Andrijevica there were 37 trading stores, the municipality Berane 472 and the municipality Plav 76. An average is one the trade shop was employed in Andrijevica and Plav 1,3 workers and Berane 1,5. Number of population to one shop ranged from 82 in Berane, 180 in Andrijevica to 254 in the municipality of Plav. Accordingly, under new conditions of the market economy regional trade is not fit in forming business offer.
3. In the concept development must proceed from the values of traditional architecture. What is further being planned and built, should carry hallmark localities, because otherwise spaces by Montenegro without character resemble one on another. If the weather is such that is necessary to consider the rationality and a small investment and in order to provide more, better example of the construction of our ancestors has not. They are per the subtle sense have knew how to combine exceptional functionality, to achieve remarkable structural interventions, and at the same time achieve the design of which captivates and does not offend the environment.

Previous development of and the rising trend in traffic clearly to the forefront some obvious problems:

1. First, the total length of main is 111 km, and 67 km of regional and locally of categorized 250 km, indicating that the road network insufficiently developed,
2. Second, of total length of main and regional roads with asphalt driveway, which meet the technical standards of modern traffic infrastructure is now partially fulfills the travel direction Berane - Andrijevica,
3. Third, the density of modern traffic (main and regional) within this area, also barely perceptible because amounts 1,78 km per 10.000 populations.

In order to natural resources in tourism could be valorized above all, exist an adequate material basis as economic and organizational expression of its tourist potential. Therefore, the detailed analysis of the above mentioned basics has been result which, among other things, shows (Rajović, 2005):

1. Considered that have almost unnoticed share Hotel Rooms that is participation that is 0,5% of the total number beds of Montenegro,
2. That the coefficient the tourist functionalities is 1,25 beds per 1.000 population,
3. That in the development receptive basics on the territory of the observed geospace favoring objects that engage in the process of construction the largest investment means (such as hotels and classic pre preventative of catering units participating in the total number of beds with 85,64%, and the complementary units together 14,36%), and

4. The average length of stay of tourists in this part of north-eastern Montenegro in 2003 amounted to 3,10 days. Length of stay of tourists is relatively short and has the character of business permit or visitors in transit. Of the total number of overnight stays in 2003 was realized 10.034 nights.
5. Problem is reactivating any field of in any way including the studied in the tourism especially the problem of knowing, appreciation and revival of life and customs. Tourism cannot be based on the specific climate, on new or old accommodation facilities is or boring, boarding-houses package arrangements. To potential applicants and users can be present autochthonous and authenticity of the north-eastern part of Montenegro, which is something quite different from the usual schemes of life in urban areas. Sometimes is the truth itself and naturalness albeit poor, more efficient than imitating the rich foreign spectacular fashionable models, while again real and true value on the price in the area of tourism.

Objective constraints for the development of industry in this part of north-eastern Montenegro are situated in a traffic isolation, structural the imbalances and lack of qualified labor. The process of industrialization in the considered geographic space, led to structural deformation and territorial disproportions, which contributed to the polarization between:

1. insufficiently developed municipalities Berane and underdeveloped municipalities Andrijevica and Plav,
2. urban and rural areas,
3. lower and higher regions, basins and mountains

The economic-geographical analysis is not always easy to distinguish how much in a share of missed opportunities present objectively restrictive conditions (mountain character of the observed geographic space), and how much they must attributed to insufficient or inadequate economic organization and incomplete information. Previous programs of economic development in this part of north-eastern Montenegro have not respected the specific geographical conditions, because they could not give satisfactory results.

Finally, on economic problems of this part of north-eastern Montenegro should look realistic, without much optimism and even less pessimism. The process of general and qualitative transformation of the observed geographic space will be relatively quite slow and long-term. Therefore, you should work on it patiently, but persistently and continuously. Therefore, you should work on it patiently, but persistently and continuously. In one rational, compared to natural conditions, market-oriented economy, the northeastern part of Montenegro could become an important area for the development of agriculture and tourism, not only north of Montenegro, but also more remote areas of on the domestic and foreign markets.

#### **4. Conclusion**

Our research record based on similar researches Ciriacy-Wantrup (1969), Stijns (2005), Gylfason and Zoega (2006), Tošović(2006), Ryumina and Anikina (2007), pointed out is in first, several important conclusions. Natural resources are certainly one of the key factors in the present and future development of this part of north-eastern Montenegro and its economic and geographic shaping and it by:

1. Land as a resource for the observed geographic space plays an important role, especially with two vital and important aspects of the business. The first is agricultural land, the second building land. There is a third, the overlap with forest resources, which is forest land. Agricultural land as a potential strategic resource is very relevant in this part of north-eastern Montenegro and it is the primary place among the natural resources of its development. Its representation in relation to non-agricultural land and structural utilization is very different. These differences are the result of some

agricultural land belonging to different morphologic units. Rational use of strategically important resources with modern agricultural practices and internal restructuring of production, conditions not only settle their own needs, but also the production significant surplus for the market.

2. Hydro-climatic conditions have an important and complex role in the evaluation of economic development in this part of north-eastern Montenegro. Climatic features are the result of various geographical factors which led to the existence of temperate continental and alpine climate. Such a diversity of climatic conditions in basically offers a variety of benefits to diverse agricultural production (cereals, fruits, vegetables, industrial crops ...). In general, climatic conditions are very favorable, and certain unfavorable climatic phenomena it is possible to compensate for human intervention.
3. Water resources in this part of north-eastern Montenegro require special attention in view of the vital importance of water as a substance. Water resources include of surface and ground water. For many settlements in the coming period, it is necessary to provide sufficient quantities of drinking water, but also organize a constant control of their quality in sources. River Lim with tributaries and lakes (Plavsko, Ridsko, Pešića lake, Great and Small Šiško, Small and Great Ursulovačko) representing highlighted tourist destinations with its attractiveness opens space for related service activities.
4. Forest resources of the considered geo space provided biological preconditions healthier environmental conditions, and in economic component of the basis for the wood industry. Forests are essential and for environmental, protective, tourism and recreation, health, cultural and other services. In line with the trends of European and global forest policy, forest policy in this part of north-eastern Montenegro must find a balance between economic, environmental, social and cultural functions.
5. Mineral resources, due to the geological structure of the observed geographic space are very diverse in terms of type, quantity, quality, and economic importance. The wide range of metal-present, non-metallic mineral and energy resources. Among metallic, in economic terms, are particularly important deposits of lead, zinc, copper, iron and pyrite. Non-metallic mineral resources of this part of north-eastern Montenegro the economic value beyond the metallic mineral resources, especially as represented crushed stone, architectural and building stone, sand, gravel and clay. The most important energy source is coal. Total coal reserves amount to 176.231.197 tons.
6. Plant resources show great diversity of flora and vegetation. The most important plant resources are forests, among which dominated by oak, beech and coniferous, then meadows and pastures. Besides the importance of plant species have for agriculture, wood industry, food production, there are number of medicinal and aromatic plants which are used for the production of medicines and medical products.
7. Fauna of this part of north-eastern Montenegro is characterized by a diversity of fauna, especially wild animals, birds, rare and protected species. Part of a diverse fauna there is habitats in protected areas and national parks. Their preservation and increase of certain types of animalist is important for both existing ecosystems, and the diversity of general tourism deals, particularly for organized in, attractive hunting grounds. The attention is also attracts and fish stocks, specialized in commercial, and recreational fishing in area, providing recreational opportunities, and other economically important activities.
8. Livestock resources over the long term were reduced, the intensity dealing livestock go line is falling. Precisely in the domain of these resources and, depending on the state and level of provision of other natural resources, there is a possibility to improve,

among others, directly resulting from increased demand in urban centers for appropriate amounts of quality and healthy meat.

9. Fruit growing in the earlier periods were known for quality fruit and fruit products. Former reputation is necessary to restore and re-establish the organized production, market presence, branding the organized market placement.

Population and human labor from the standpoint of economic development has a dual role. On one side represents a natural framework for ensuring the workforce as an irreplaceable element of the process is realized and propels economic development. On the second side of his numerical state and amount of income that is realized determines the volume and structure of production. Many authors Rojewski (2004), Jothen (2009), Lusk and Fazarro (2010), Schlecht et al (2012), they find that knowledge is the most important element of economic growth. All other components of production can be purchased or borrow: of capital goods, raw materials, technology. Capital Goods can utilize and maintain a qualified and experienced workforce. These are the reasons for investing in the education and health of the population, which contributes to the quality of the work. For economic development are important structures of the human factors related to the work force as a precondition for the appropriate production processes, such as: the relationship between active and dependent population, educational qualifications and economic structure of the population. Whereby the necessary to emphasize are importance of education and professional qualifications of the labor force with respect that the quality of itself is a prerequisite for modern economic development is characterized by rapid technical and technological changes, but also the preconditions for more efficient use of other factors of economic development, with standpoint of our social conditions for economic development and the role of population as factor of economic development. When it is comes to this part of north-eastern Montenegro.

1. Process of deagrarization amplified due to population has increased in the period 1948 to 2003, with 53.477 to 54.658 populations. Looking at in general compared to 1948, the population of the region has increased by 2,16% in 2003, but with a tendency to decrease of 1971.
2. Based on the demonstrated tendencies in movement the total population in the region can be identified: zone of depopulation and population concentration areas. The depopulation of areas that are include 85 out of 113 villages, or 72,81% (1.082 km<sup>2</sup>), the total area of the studied area (1.1486 km<sup>2</sup>), according to the census of 1971, lived 37.851 population (59,94% of the total), and 2003, 9.578 population (17,52% of the total population). The zone concentrations recorded population growth; according to the census of 1971 they were living in 31.042 populations (45,06% of the total population) in 2003 and 45.080 population (82,47% of the total population).
3. In this region, the paper finds that the share of young people (up to 19 years) in the total population declined from 49,18% in 1961 to 31,00% in the 2003. Share of elderly population (60 and over) in the same period increased from 8,73% on 18,41%.
4. In the region, we can conclude that there was a slight equalization of male and female population. The share of the male population in the period 1961 - 2003, slightly has increased from 49,44% to 50,02% and the female was reduced from 50,56% on 49,98%. On the disproportion male and female populations affected the participation of women in the migration which resulted in participation of men enhances.
5. The educational level of the population indicates the degree of educational and cultural level of the population. Despite the decrease in illiteracy in the period 1961-2003 from 17,86% on 2,74%, this problem is even more acute. A significant part of the population has no education 5,31%, or incomplete primary education is 13,44%, and 29,03% population older 15 years and over has finished primary school.

6. Crossing the agricultural labor force in non-agricultural activities. As a result, in the period 1961 - 2003 actively agricultural population has decreased from 66,69% on 14,08%. In contrast to the secondary sector - active population working, increased from 14,42% on 27,80%, with 3,54% tertiary on 19,83%, the social services sector with 7,67% on 24,88% . These data suggest, what are the socio-economic changes have played in the region.
7. The ethnic composition of the region, the highest share of Serbs (41,99%) and Montenegrins (20,43%), followed by Muslims (28,48%), Albanians (5,04%) and "other" (4,06% ). It is interesting point out the fact that in the census - 2003, the majority of Muslims has pleaded as Bosnians.
8. Migration of population indicates an uneven population density and concentration of population. The existence of a large number of settlements up to 500 populations (81 villages) is not suitable for modern flow to vital economic development of the region. Can be seen lack of settlements with over 2.000 populations (only 4 villages with more than 2.000 populations: 12.651 Berane, Luge Beranske 2.011, Gusinje 3.015, and Plav 5.554). It was only in these settlements, we can talk about the real potential for the development of central functions, and the size of emerges as the second important divider in terms of numbers.

The development and deployment of modern economies is determined by a number of natural characteristics of the terrain. They showed that the economy of this part of north-eastern Montenegro is not in compliance with all the existing natural conditions. Incompatibility between the existing natural conditions and modern economy is determined by the unfavorable socio-economic development factors. Development of the total population in the studied geographic space is characterized by increasingly unfavorable demographic processes. In this paper established the negative demographic trends and economic development. Total depopulation, demographic aging, the educational structure of the population are imposed as a leading contemporary demographic processes in this part of north-eastern Montenegro.

Developments of demographic structure have significantly marked the contemporary socio-economic processes such as industrialization, urbanization and deagrarization. In other words, the demographic structure is a kind of indicator of the trend and intensity of the socio-economic processes. Demographic and economic renewal and stop the negative demographic and economic processes are imposed as a key development and strategic factor and the overall goal of social renewal and future economic development of this part of north-eastern Montenegro.

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