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## YUGOSLAVIA 1983: BETWEEN "CONTINUITY" AND "CRISIS"

by Dennison I. Rusinow

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**At present, the best the economic and political meteorologists can do is to study current patterns of dark clouds and silver linings, paying due regard for changes in the prevailing winds in the wider world economy and international relations. Political courage and economic patience are hallmarks of Yugoslavia, however, and today the tenor is still cautiously positive.**

The news media in most of the world are notoriously as fickle and possessed of short attention spans as the publics they believe they serve. Yugoslavia, for example, was the object of intense and sometimes inordinate attention from January to May 1980, the period of Josip Broz Tito's prolonged dying, sometimes wild speculation about what would happen when he was gone, and the spectacular and moving pageantry of his end-of-a-world-era funeral. Then, and for more than two years, Yugoslavia virtually disappeared from the world media and even those of neighboring states.

In recent months the Yugoslavs have found themselves once again and in large part unhappily "in the news" beyond their borders, although so far largely on inside or business pages and off-peak-hour "in depth" news broadcasting.

Such media fickleness has its logic in what is considered "news," although that logic is often shortsighted because it makes it difficult to anticipate tomorrow's news and to understand it when it happens. The way Yugoslavia has disappeared and reappeared in history as recorded by the world media during the past three years is again illustrative. It also en-

capsulates the ups and downs of the beginning of the post-Tito era.

When Tito died on May 4, 1980, a few days short of his 88th birthday, drama-mongering by a number of ill-informed or headline-happy reporters and other instant (and not-so-instant) experts had led many Americans and West Europeans to expect a Soviet intervention or a domestic political crisis as soon as the man who had ruled Yugoslavia for 35 years was in his grave. Instead, and as better-informed observers had uniformly predicted, the Red Army did not come to the funeral (although Leonid Brezhnev did, unlike Jimmy Carter) and the immediate transition to after-Tito, facilitated by a decade of institutional preparation and four months of psychological conditioning and "dress rehearsal" during Tito's final illness, went off smoothly and without incident.<sup>1</sup>

For two years, precisely the period of grace anticipated by some of those who had predicted this undramatic initial transition, the rotating "collective leaderships" and complex institutional and procedural checks and balances of the post-Tito regime functioned better than most people had expected and too well to attract much outside notice. In worsening economic conditions some hard and potentially controversial choices were made where such a system of consensus politics and mutual vetoes might easily have deadlocked. The burden imposed by a deteriorating economy and austerity measures was accepted almost uncomplainingly by a populace not usually noted for its patience.

Uninterested in such non-news, the reporters trooped off to Poland, which had become newsworthy with a vengeance. (And where early-warning signals of an impending crisis, in retrospect clear writing-on-the-wall at

the Polish Party Congress in February 1980, had been largely unreported and therefore unnoticed because most Western correspondents resident or accredited in Warsaw had been ordered to Yugoslavia for the duration of Tito's four-month deathwatch!) Yugoslavia became a second Bulgaria in frequency of appearance as a dateline in the wider world.

The only exception was in the spring of 1981, when widespread and violent demonstrations by thousands of non-Slavic Albanians in the Autonomous Province of Kosovo, where Albanians are 78 percent of the population, led to the dispatch of police reinforcements and Army units and a state of emergency throughout the district, the first time such a thing has happened in postwar Yugoslavia. This brought a brief flurry of attention in the European and some mention in the American media. Some commentators interpreted the Kosovo troubles as an omen, the beginning of the disintegration of the multinational federation. Others thought it would prove a special and unique case, a Yugoslav Northern Ireland where spasmodically violent irredentism would fester on but prove basically containable. Subsequent developments have so far tended to support the second thesis, except as discussed below.

When Yugoslav datelines started reappearing with greater frequency after the middle of 1982, the reports that came with them tended to range from gloomy to alarming. Some sample headlines in the Western press from the period October 1982 - March 1983: "Yugoslavia seals the gas pumps — chaotic supplies let black market bloom"; "Sinking living standards for the Yugoslavs — Belgrade's remedy for the crisis: 'We must all work harder'"; "Yugoslavs feel the pinch of economic curbs" and "Trieste hurt by Yugoslavs' travel strictures" (these in *The New York Times*, November 7, 1982; the rest are from West European newspapers); "A nation sitting on the razor's edge?"; "Party attacks on Belgrade press — campaign by dogmatic functionaries"; "Prison for 'bad songs' — Yugoslavia's internal contradictions sharpening"; "Self-management means mostly meetings: why Yugoslavia does not change its catastrophic economic system"; "Yugoslav self-managers at the end of the road"; "Yugoslavia too will have to reschedule"; "Is troubled Yugoslavia a Poland in the making?"; or more simply, "The

Yugoslav crisis." One Austrian report in October 1982, attempting to find a silver lining, was headlined: "Yugoslavs not taking to the streets — despite shortages and mistrust."

The content of such reports differed little except in directness and style from what has been appearing in Yugoslavia's own once again increasingly open and critical press, which is in fact providing much of the material used by the foreign correspondents.<sup>2</sup>

In June 1982, with the economic storm clouds darkening and some regime officials speaking bluntly of "a crisis of confidence" in "the system" as well as leaders and policies, the League of Communists of Yugoslavia (the LCY, or simply "the Party") held its first Congress since Tito's death. Although many delegates and even senior functionaries warned that reforms of some aspects of the economic and political systems and more new faces in leading positions were urgently needed, "continuity" was the pre-announced theme of the Congress and the tenor of the resolutions and new "leading bodies" it endorsed. The "behavior" of Communists and others, along with some economic instruments and policies, must be changed to bring them into line with the requirements of economic "stabilization," the "laws" of a market economy, and the ideals and normative principles of self-management as described and institutionalized in the 1974 Constitution and 1976 Law on Associated Labor (two of the world's longest and most complex legal documents), but these latter were re-endorsed as still basically correct and appropriate. The message, paraphrasing Bertolt Brecht, seemed to be: if things are going wrong because "the system" and the people aren't working together, one must change the people.

"Continuity" as the theme and program of the Party Congress was unavoidable in June 1982, but it was not particularly helpful.<sup>3</sup> It was unhelpful because discontinuity in "behavior" is urgently needed, as the Congress itself had heard, while institutions and rules are normally easier to change than people and, having been changed, are more likely to affect undesirable behavior than are mere admonitions — or even, in the longer run, administrative or physical coercion. Continuity was nevertheless unavoidable for a number of currently more compelling reasons. Most were politically contingent, but one was not: a well-founded fear of what might

come out of Pandora's box once it is opened in the name of institutional reforms and at a time of widespread doubts concerning the efficacy of the three basic domestic pillars of "Titoism." These are an extreme degree of political and economic decentralization to defuse the explosive potential of national and regional differences in cultures, values, and interests; "self-management" in all its complexity as putatively the best of both socialist and capitalist worlds and at least a happier alternative to Soviet-style "real socialism"; and an unchallengeable "guiding role" — an ultimate political monopoly — for a League of Communists whose function, apart from acting as an authoritarian ideological tutor, is to hold the ring for what Yugoslav political parlance calls "a pluralism of self-management interests and their free expression" that might otherwise fly apart in anarchy . . . or be restrained by a return to naked tyranny.

In principle it should be possible to tamper with all of these institutions, through limited reforms that would not dilute the essence of any of them, in order to make them more effective in terms of economic and political output. But with pent-up frustrations and pressures at present levels, and an unknown number and quality of people waiting in the wings in the hope of destroying rather than reforming one or another or all of these pillars (and perhaps the fourth, the external one, which is Yugoslavia's pugnaciously nonaligned independence of both East and West), who can say how far such a process might go and where it would end?

We may soon start finding out. Developments since the Party Congress have tended to strengthen the argument that some reforms must after all be ventured, the sooner the better. They have also, however, provided further evidence of the tenacity of resistance to change, serious differences about the direction reforms should take if they cannot be avoided, and an inconclusive mixture of increasingly remarkable patience and growing exasperation (as usual expressed primarily in the form of ethnic nationalist attitudes and "excesses") on the part of the populace.

### The Price of "Stabilization"

Some consumer goods and raw materials had been in short supply, here and there and at times, for up to two years before the Congress met. A

popular joke first heard by this observer in Zagreb in January 1981 listed what were then the most common items. Yugoslavs, I was told, were not worried about Poland, Afghanistan, or political stability without Tito because they were too busy looking for Duško, who had disappeared. Otherwise a common male name in Yugoslavia, this particular "Duško" consisted of the first letters of the Serbo-Croatian words for detergent, cooking oil, sugar, coffee, "and other things" (*deterdžent, ulje, šećer, kava, i ostalo*).

In the months following the Congress the list of "other things" and the constancy and ubiquity of "Duško's" disappearance all continued to grow rapidly. Scarce consumer items now included gasoline and other petroleum derivatives (and so energy in general), medicines, including essentials like antibiotics, margarine and butter, citrus, and in some places meat and even flour. By late September long lines were forming around gas stations that still had something to pump, as in the United States in 1975, and Yugoslavs were making trips to Austria or Italy for automobile spare parts, a throwback to the early 1960s, as well as for coffee and medicine. Zagrebčani were travelling to Ljubljana (160 kilometres) to buy butter and Ljubljancani to Zagreb to buy margarine; sanitary napkins and tampons were unavailable in both cities.

In mid-October gasoline rationing was introduced countrywide, part of a new package of austerity measures described below. The basic ration for private automobiles was set at 40 liters (about 10 gallons) per month. Local communities began issuing their own ration coupons, to their own residents and with local validity, for a list of other consumer goods that varied from place to place. Others, more subtly, made certain goods available only on Saturdays when workers did not commute in from surrounding areas. Challenged in the courts, local rationing was declared unconstitutional and was denounced by the Party, government, and trade union officials as another impermissible blow against "a unified Yugoslav market for goods and services" already fragmented, for political and national reasons, into "eight closed and autarkic republican and provincial markets." The practice, however, continued and spread to nearly half the country's communities, including Belgrade, the federal capital — another clear example, incidentally, of how undisciplined

and far from a tightly controlled "Communist dictatorship" even formal political life and the behavior of Party members are in decentralized Yugoslavia. Illegal or not, such rationing and less formal limits on how much each customer might buy when a consignment of a scarce item arrived had two advantages. Long lines in front of shops and the aggravations this induces, in one instance (in Montenegro) leading to a brief riot, had reportedly disappeared in most places by early 1983; and nearly everyone, not merely the lucky or most persevering, was getting a share when something was available.

In industry analogous shortages of raw materials, components, and spare parts were forcing a growing list of factories to go on short time or shut down entirely, further threatening vital exports as well as domestic supplies. By February 1983, according to one report, 40 percent of all Yugoslav workers were on short time "or worse." Industrial output in the first two months of 1983, surprisingly, was reported to be only 0.3 percent less than in the same period in 1982, and in March 1.0 percent less than in the previous March, but 1982 had not been a good year either. Some sectors and regions were suffering more seriously. Montenegro, the smallest republic (pop. 583,000) suffered the biggest drop in overall industrial output, 8.9 percent lower in January-March than a year earlier and 15 percent below planned production. In Serbia January 1983 output figures, as a percentage of average monthly output in 1982, included the following: iron industry 43 percent, construction materials 61 percent, transportation equipment 76 percent, nonferrous metals 87 percent, and chemicals 89 percent. The textile industry throughout the country was also hit hard, in large part because of shortages of imported wool (which a mountainous country full of sheep has been importing at a rate of \$130 million per month!) as well as cotton (not grown in Yugoslavia, despite or because of disastrous experiments in Herzegovina in early postwar years), but also because of shortfalls in domestic production of synthetic fibres.<sup>4</sup>

Living standards, already reduced by at least (i.e., officially) 5 percent in each of the two preceding years, were said to be accelerating their downward plunge, as the authorities had warned they must. Inflation, down a little toward the end of

1982 with the help of a six-month price freeze imposed in July, took off again when the freeze ended. In the first quarter of 1983 it was officially 30 percent, but other sources put the true figure at 50 percent. With hundreds of additional requests for price rises ranging from 50 to 90 percent (and some for as much as 20 percent) still in the pipeline, those approved in March alone included 27 percent for tobacco, 17.3 percent for communal services, 11.7 percent for processed meats, 8.7 percent for newspapers and school supplies, 8.7 percent for fish, and 6 percent for clothing; gasoline and other petroleum derivatives went up a further 25 percent a few days later. Personal incomes and economic investments are at last failing to keep pace, which is what the policy-makers intended. Official projections are for a fall in consumer purchasing power by 7 percent and in investments by 20 percent this year, but the difference between the current inflation rate and nominal rates of increase in personal incomes (at 26.3 percent in early 1983, down from 33.2 percent in 1982) and investment expenditures (at 16 percent in early 1983) may provide a more accurate measure of the real rate of decline in individual buying power and investments.

Rising prices were being fueled, apart from domestic factors, by a rapid decline in the exchange value of the dinar, from 19.16 to the U.S. dollar in 1979 and 41.82 in 1981 to 75.74 to the dollar in March 1983. Some of this decline came through formal devaluations, by 35 percent in June 1980 and 30 percent in October 1982, and the rest from letting the dinar slide between devaluations and by a further 20 percent in the first 90 days of 1983. The goal is to reach a "real" exchange rate in gradual stages, a dramatic change from the policy of a deliberately overvalued dinar that in the 1970s had facilitated rapid economic growth, with even more rapid growth of foreign trade and balance of payments deficits and foreign debts.

With the notable exception of the inflation rate, which the regime had naively expected to hold to 20 percent in 1983, most of this bad news was either a planned part or anticipated as an unavoidable side-effect of a program for "economic stabilization" thrashed out, with many and mostly unfortunate compromises and concessions to sectoral and regional interests, during 1981-82. The Yugoslavs, it was belatedly realized, had

been "living beyond their means" (the phrase they themselves are using) for at least a decade, with the unearned but happily spent surplus quantified in balance of payments deficits that reached \$3.7 billion in 1979 and foreign debts that totaled \$19 billion, and perhaps more, by 1981.

The first and most urgent goal of "stabilization," as described in an earlier *Report* on the Party Congress of June 1982, was to bring the deficit down to bearable levels and to pay what was owed to foreign creditors in 1982 and 1983, some \$4.5 to \$5 billion in principal and interest in each year. By 1981 the deficit on current account had indeed been reduced to \$750 million, and payments on the foreign debt due in 1982 were made with only a few delays by some Yugoslav banks in the course of the year. The price for these impressive accomplishments included the curtailed living standards, shortages, and other woes of austerity suffered in 1980-1982, and it now appears that the price of simply not slipping backward will be more of the same and for a prolonged period. The long-term costs of prolonged austerity are less certain, harder to calculate, and could be evaded if those who run the Yugoslav economy (whoever they are, which is part of the problem!) prove to be more successful than usual in conceiving and executing appropriate reforms and a "restructuring" of industry and agriculture on healthier and more competitive foundations.

For the moment the best the economic (and political) meteorologists can do is to study current patterns of dark clouds and silver linings, paying due regard to changes in prevailing winds in the wider world economy and international relations. Summarizing its main features, this is what the Yugoslav economic weather map looks like as the bleak winter of 1982-83 shows only a few uncertain signs of summer days to come.

For those in search of silver linings there is, first of all, the political courage of the further austerity measures adopted in late 1982 and early signs that they are having at least some short-term positive impact.

The "emergency" measures proclaimed in mid-October 1982 and in subsequent weeks bear a close resemblance to the austerity package adopted by the French government in March 1983. If this seems surprising, given the differences in the two societies and their economic and polit-

ical systems, it in fact accurately reflects the nearly universal nature of both current economic problems around the world and the only answers that leaders almost everywhere have seemed able to devise, regardless of different ideological persuasions. In both Yugoslavia and France the impetus has come from balance of payments and related problems, the most urgent manifestations of other underlying weaknesses. In both cases recent austerity measures have therefore focused first of all on short-term remedial action in their section, but in forms that the authorities hope will be conducive to a healthy longer-term restructuring of the domestic economy. It is thus that foreign exchange measures and others designed to cut imports and promote exports predominate in both austerity programs.

The Yugoslav package included the dinar devaluation and gasoline rationing that have already been mentioned. Other forms of energy consumption were also subject to emergency restrictions: a ban on open-air evening sporting events requiring illumination, except for international events; television broadcasting to end at 10 P.M. except on weekends and before holidays; reduction of household electricity by 5 percent; a 19°C (66°F) ceiling on office and domestic heating; introduction of daylight saving time in summer months (the next-to-last country in Europe to do so, Swiss cows and their owners having given in last year); and others.

Another and especially unpopular measure to save foreign currency was a precise analogue to the limits the French government was later to impose on the number of francs (equivalent to ca. \$410 per year) that French citizens and foreigners resident in France may now convert or take with them for nonbusiness trips outside France — a measure that has brought more vociferous objections than any of Yugoslavia's austerity measures and probably at least as many simple and ingenious evasions. In the Yugoslav variant citizens (but not foreign residents) traveling abroad, except on business or for certain other stipulated purposes, must deposit a large sum by most Yugoslav standards — 5,000 dinars (ca. \$80 in October 1982) for the first such trip, rising by 2,000 dinars for each subsequent trip in the same year — in special bank accounts where these deposits are blocked for one year without interest. Other regulations armed with

severe penalties for violations — for example requiring that all foreign currency earned by Yugoslav firms and resident citizens immediately be sold to or deposited in banks — were designed to curtail the black market and other "private" foreign currency transactions that have been hiding a sizable portion of Yugoslavia's earnings from tourism and emigrant remittances under the mattress, where they do not contribute to the beleaguered balance of payments and are largely used for private consumption of private imports.

An amended extension of "temporary" measures governing the disposition of the country's global foreign currency earnings in 1982 was agreed at the end of the year, but only after desperation triumphed over the resistance of those whose exports and tourism earn most of it, and who prefer the principle that has supposedly governed the Yugoslav foreign currency regime since the early 1970s: to each according to his earnings, in this case of foreign currency. Again violating this principle, the "temporary" rules adopted for 1983 require earners of foreign currency to sell up to one-third of it, for dinars, to higher governmental and banking authorities: 5 percent for "federal needs", 3 percent to the National Bank's reserves, 17 percent to the Federation for petroleum imports, and an additional amount (e.g., 8 percent in Croatia) for "the joint needs" of the Republic of Province where the exporter is based.

Positive trends at least partly attributable to these and related measures include a first quarter 1983 year-on-year increase in exports to the convertible currency area by 18 percent, while imports from the same area decreased by 27 percent with less immediate impact on import-dependent production than might have been expected. During the first three and a half months after the travel deposit regulation went into effect in mid-October 1982, less than half as many Yugoslav citizens crossed their country's borders as in the same months a year earlier: down from 4,870,000 to 2,233,960, of whom 94 percent were exempt from paying the deposit (with 1,255,224 of the latter reportedly consisting of "Gastarbeiter," Yugoslavs working abroad and their dependents, many of whom must have made several trips if this figure is to be believed). The continued fall in "real" (inflation-discounted) personal incomes and investments suggested that Yugoslavs

were coming closer to "living within their means" and "on their own resources," the principal slogans and initial goals of "stabilization."

A second silver lining, perhaps in part reflecting light from the first, now appeared in the form of an international "resource action" for Yugoslavia. It had been the subject of complex and frequently interrupted negotiations with and among Western and international financial institutions for a full year before it was wrapped up in London in mid-March 1983, with final signatures expected by the summer. On the best information currently available its core will consist of a \$4 billion basic package put together by Western commercial banks with the help of a 15-bank coordinating committee and consisting of the following: a \$600 million medium-term (six-year) credit, \$1.4 billion in medium-term rescheduling, and between \$1.8 and \$2 billion in (previously agreed?) short-term rescheduling.<sup>6</sup> This "package" is expected to open the door for the rest of the "rescue action," which reportedly includes the following: \$1.6 billion in credits for imports and export financing from the U.S. Export-Import Bank and equivalent government banks in other countries (but with more of this sum tied to imports of industrial equipment than suits the Yugoslavs, more interested at this stage in raw materials and components to keep their factories going and exporting); \$600 million in new International Monetary Fund (IMF) drawing rights, some of which may already be flowing; \$500 million from the Bank of International Settlements in Basel (BIS), said to be an unprecedented loan from that source; and \$300 million from the World Bank for "restructuring and export-reorientation of the economy." A grand total, if it all comes off, of \$8 billion. Much of it, however, will never be seen by the Yugoslavs, since it will be repocketed by the lenders to pay principal and interest due from older debts in 1983.

It was the Western commercial bankers and particularly the Americans among them, these days often burnt-finally-shy around the world, who had dragged their feet for a year and despite outside pressures on them to be more accommodating. A "lecture" about the importance of a stable nonaligned Yugoslavia for European stability and Western interests to a gathering of American bankers in April 1982 by Lawrence Eagleburger, Undersecretary of State for

Political Affairs (and previously U.S. Ambassador to Yugoslavia), appears to have annoyed the bankers, at least according to *The Wall Street Journal*, *Business Week*, and European press reports.<sup>6</sup> Eagleburger's attempt to be helpful, which apparently continued and included a trip to Belgrade in January 1983, was in fact merely the most public and publicized of repeated efforts by a number of Western governments to influence their bankers on Yugoslavia's behalf and for the reasons Eagleburger had spelled out. What finally tipped the balance for the most skeptical bankers is conjectural, but the apparent determination and performance of the Yugoslavs in recent months presumably helped.

What the Yugoslavs will do with their "breathing space and shot in the arm" (the mixed metaphor of one American banker) is another question. In an implicit criticism of the World Bank for not tying more strings in the form of specific approved projects or at least priorities to its credit for "restructuring and export-reorientation," a leading Yugoslav newsmagazine warned against the disastrous consequences of "using the new credits in the old way," i.e., on the basis of fundamentally political competition among regional and sectoral interests with incompatible criteria and priorities and "national colors and tricolors on their investment standards." In this "old way," the article notes, it is only after the game starts that "discussion begins over whether to play basketball or hazard, whether it is better to do light athletics or heavy," and therefore whether to favor "one who plans to export or one who will produce things that are now imported, one who will increase income faster or one who will create more new jobs, one who is on the high road or one who is under great pressure. . . ."<sup>7</sup>

Even with the best of will, intelligence, and "new ways" of choosing, the dark clouds that remain the dominant feature of the Yugoslav economic scene are too many and varied to be dispersed at once and simply, while policies that may have a positive impact in one area can aggravate other problems in the same economic complex or outside it.

For example, the Yugoslav authorities have sound short-term reasons for wanting to use their new credits to import raw and semi-processed materials to fuel production in industries with good export potential and desperately underutilized capacities,

and not to use them to purchase additional equipment and plants at this time. On the other hand, new (foreign) technology and lines of production may be precisely what they will need most in the longer run. Similarly, a lower investment rate is clearly desirable now, but another mortgage on the future.

Dinar devaluations and a policy of bringing the exchange rate for the dinar into line with its "real" (foreign exchange market-clearing) value is good for exports now and long overdue for important long-term reasons: Laura d'Andrea Tyson, the leading U.S. specialist on the Yugoslav economy, has called an overvalued dinar and similarly improper pricing of capital and labor (the first below and the second above its market-clearing level) the three basic reasons for the repeated recurrence of economic instability.<sup>8</sup> At the same time, however, this otherwise praiseworthy policy increases the cost of imports, either further lowering the volume of these or raising the balance of trade deficit at a singularly inopportune time.

Other export incentives, both carrots and sticks, are splendid when they induce enterprises to make the extra effort necessary to sell to hard-currency areas instead of at home or to the soft-currency Soviet bloc, but many current domestic shortages that can prove dangerous for the political and even physical health of the country, as in the case of vital medicines, are a less desirable result. (Antibiotics, for example, have been missing or in short supply in pharmacies and hospitals for two years because they are being exported, which is happening because pharmaceutical companies must "earn" the foreign currency they need to import domestically unavailable ingredients and licenses to produce foreign-brand medicines). Import substitution strategies, investing in domestic production of currently imported goods, can save scarce foreign currency but run counter to a sensible and currently 18-year-old policy of "seeking our place in the international division of labor" by concentrating on sectors where Yugoslavia enjoys actual or potential comparative advantages and liberalizing the import of other things. It is also simply impossible in present circumstances to fund more production for both the domestic and Western export markets at the same time.

Another example of how difficult it can be to do several things at once is



provided by what happened to the balance of payments deficit while attention was concentrated on paying nearly \$5 billion to foreign creditors in 1982. By 1981, as already noted, the deficit on current account had been brought down to \$750 million from an unbearable \$3.7 billion in 1979, an accomplishment that helped to repair Yugoslavia's reputation with the IMF, World Bank, and Western commercial banks. The goal for 1982 was a further reduction to \$500 million, but the actual deficit now appears to have been \$1.4 billion. A major reason for this disappointment, in the view of one qualified observer of the Yugoslav business scene, was the distraction of those who might have taken additional measures to hold the growth of the deficit down. Harassed by a multitude of urgent demands on their time and energy and perhaps a little complacent after the good performance in this sector in 1980-81, he argues, they focused instead — and in the end successfully — on the enormous immediate problem of the foreign debt due in 1982. They therefore failed to take adequate note of the impact of reduced imports on what could be produced for export, the rising cost of imports because of the dinar's downward slide, and the impact of recession in Western Europe on their tourism and emigrant remittances, both of which fell well below expectations.

Potentially far more damaging over the longer haul is the effect of the foreign currency regulations introduced in the fall of 1982 on those emigrant remittances and individual hard-currency savings accounts in Yugoslav banks. The amounts involved are far from small and are, incidentally, also a sign of the confidence Yugoslav emigrant workers and Yugoslavs at home had had in their country's stability and that of its banks. At the end of 1982 foreign currency savings accounts owned by individual citizens in Yugoslav banks contained about \$8 billion in various hard currencies (e.g., 60% denominated in Deutschmarks and 16% — about \$700 million — in U.S. dollars). Interest on these accounts, credited in the same foreign currencies, currently ranges from 7.5% for ordinary savings (cf. 4.5% in West German and Austrian banks) to 12.5% for 3-year certificates of deposit. Yugoslav citizens reportedly own an additional \$11 billion in savings accounts in West European banks, which Yugoslav banks have been trying, with some success until

the fall of 1982, to lure home through higher interest rates and other benefits.<sup>9</sup> The total of all these hard-currency savings accounts, at home and abroad, equals Yugoslavia's total foreign debt, but what is in Yugoslav banks is what counts.

Responding to the foreign currency restrictions imposed on them by the government's austerity measures of October 1982, Yugoslavia's commercial banks immediately and jointly limited withdrawals from individual citizens' foreign currency accounts to \$250 or equivalent per month. In one blow rumors and fears that these accounts might be totally frozen or even confiscated seemed to be confirmed, and depositors have begun to flee as best they can. Many are reported to be withdrawing their permitted \$250 each month to put under the mattress. Entire accounts are being moved to the West with the connivance of at least some Yugoslav banks in various "laundering" devices, some of questionable legality. Meanwhile, remittances into Yugoslav foreign currency accounts from abroad were reported to be at 50 percent of the previous year's level in December 1982, the fourth consecutive month of decline.

Of all the stupidities at various levels that have marred the Yugoslavs' often intelligent attempts to deal with their economic problems, this one probably takes the prize. The consequences were so predictable and damaging that this observer, talking to a group of American bankers in the U.S. at the very time it was happening, rashly assured them it could not happen "because they are not that stupid!"

A final example of a policy with positive effects in one area and negative effects in another, this time non-economic, is provided by those deposits required of Yugoslavs traveling abroad. This measure has clearly saved some foreign currency: see the figures on reduced border crossings cited earlier and listen to the complaints of shopkeepers in Trieste, Gorizia, Graz, and Klagenfurt whose livelihood depended on massive purchasing by Yugoslavs, abruptly ended in October 1982. However, as high-level official requests from Slovenia have pointed out in asking the Federal government to reconsider, the saving is surely not enough to justify the social and public relations costs of such a measure. (Bordering on Italy and Austria, richest, and most "Western," Slovenia is on all these counts most

affected.) Costs are not limited to the deprivation and irritation of directly affected parties, both in and outside Yugoslavia. As the Slovene appeals pointedly emphasize, they also include the damage done to Yugoslavia's proud and useful reputation as an "open country" whose citizens, unlike those of other Communist-ruled states, were heretofore generally as free to travel anywhere as citizens of "Western democracies."

The Slovene appeal and Yugoslav press comments making the same point have tactfully refrained from adding that this reputation is important at home as well as abroad. Unrestricted freedom to travel is singularly valued by Yugoslavs of all classes, including those who do not travel. It has provided both symbolic and real evidence that they are not captives; noncaptives are by definition free (perhaps not a logical definition, but for most Yugoslavs a psychological/emotional one) and by extension members of a free and voluntary society. Put more simply: that Yugoslavs have generally stayed home more contentedly and granted their regime more legitimacy than the citizens of any other East European country under Communist rule is in part, and I suspect in large part, because they have known they could leave, and return and leave again, quite freely. That feeling of freedom is no longer quite intact, and it does not help to point out to them that the French, of all people, now have their freedom to travel similarly restricted.

Perhaps the authorities are not fully conscious of such subtleties. As in France, intellectuals and politicians decry and express possibly honest disdain at the small-mindedness of people who make a big fuss over minor inconveniences like temporary travel restrictions and limits on withdrawals from bank accounts (there is again a French equivalent, the "compulsory savings" imposed by the Mitterand government) when big matters are at stake, such as the country's and so their own future economic health. This only proves once again how divorced from the real world of ordinary concerns and values politicians and intellectuals can become.

This "episode" is related in detail for its obvious importance. (1) *per se* and as an indicator of unstable or at least uneasy relations at the Party summit; (2) in leading one to wonder how many other unrevealed "episodes" and soured relations there may

have been since, or whether that month of secret and therefore certainly frank confrontation Ribičić mentioned and his public revelation and warning have had the desired sobering effect; and (3) as a further dramatic reminder that relations among the republics and the nations for which they stand are always the most sensitive and potentially explosive issues in Yugoslavia. The current status of personal and internationality relations at the Party summit is unclear. Nervousness there, particularly over nationalism in the country at large, is very clear.

### And in Suva Reka . . .

In late March 1983 the BBC's Central Europe correspondent, Mark Brayne, visited a small town called Suva Reka while touring the Autonomous Province of Kosovo for a look at the situation on the second anniversary of the massive Albanian nationalist and irredentist demonstrations mentioned earlier in this *Report*. What he saw and heard at the "Balkan" rubber factory that dominates Suva Reka's economy (Yugoslavia's sole producer of rubber conveyor and fan belts, it has 1,300 workers and an annual turnover of \$4.3 billion in 1979) caught my attention as an apt example of the impact of "stabilization" that has particular poignancy for me and perhaps also for regular readers of *UFSI Reports* with long memories. This is because Suva Reka and "Balkan" figured prominently in two 1980 *Reports* from Kosovo (based on visits in October-November 1979) in which I described them glowingly as "a singularly successful if woefully exceptional attack on poverty . . . and traditional mismanagement" in Yugoslavia's poorest and most backward region.<sup>10</sup>

The tale then was of genial leadership that had turned a backyard plant, founded in 1961 to make rubber soles and employ a handful of Kosovo's rapidly growing and unskilled Albanian population, into a large, singularly prosperous and well-managed modern industry with ambitious but apparently realistic plans for the future. These last included new plants to be built by 1983 under joint venture agreements with the Gates Company of Denver and Dunlop of Great Britain, which would purchase large parts of the output. Meanwhile "Balkan" had already had an important positive social as well as economic impact on all of southern Metohija and on the self-confidence of

Yugoslavia's Albanian minority. It was in every respect Kosovo's "model factory," as I was repeatedly told.

Today, Mark Brayne discovered, "Balkan" is in trouble that is typical for much of Yugoslavia's industry. Its technology is largely from the West (Britain, France, West Germany), bought with Western credits. Production depends mainly on imported rubber, fibers, and chemicals that must be purchased with hard currency, but apart from Algeria and Morocco "Balkan's" exports, although 30 percent of output (my 1979 information), are largely to soft-currency markets: Bulgaria, Romania, and the U.S.S.R. "As a result," Brayne found, "it's been caught right in the scissors of Yugoslavia's current liquidity crisis . . . having to fight tooth and nail for hard currency allocations and for new credit."

Production fell last year by 7-8 percent, a sad contrast to the growth rate of 30 percent per annum in the 1970s that I reported in 1980. The new plant being built in conjunction with Dunlop (to produce an initial 500,000 heavy-duty tires a year) is nearly complete, but because of problems with foreign currency for equipment, etc., the target date for opening has slipped from the end of 1982 to the end of 1984. Planning officials in Pristina, the Kosovo capital, told Brayne they doubted that even this revised target could be met. Meanwhile, creeping devaluation of the dinar since 1979 has already added 50 percent to the projected cost of the project.

Personal incomes of the workers, proudly cited in 1979 as being 68 percent higher than Kosovo and 54 percent higher than Yugoslav averages, have presumably slipped accordingly, although Brayne does not have this information. As for the increase from 1,300 workers to 3,000 by 1983 that was in the firm's plans in 1979 . . . the additional 1,700 have not been subtracted from Kosovo's 30 percent official unemployed, the highest level in Yugoslavia.

### A New Debate, an Unbridled Press and Other Portents

Economic problems and policies have been the major preoccupation of this *Report* because they have been the major preoccupation of the Yugoslav authorities and populace, and with reason: they constitute a critical situation that many call a crisis, they profoundly affect everyday life, and they are (in a non-Marxist sense) the real base on which the fate of polit-

ical and social "superstructures" rests at this time. The regime and its present institutions may cope with these problems to an adequate extent by "muddling through" a little better and so survive without major change. They may fail (or agree that they are failing) to cope, then reform themselves and do so, and survive in somewhat different form, either with enhanced participation and legitimacy or with a sadly more authoritarian system. Or they may fail to cope, resist reform, and so precipitate the serious political crisis that has been predicted so often that it begins to be crying wolf. The first of these possible outcomes so far seems unlikely, although it may be early days for such an impatient judgment. The experts, and Yugoslav public opinion as far as it can be ascertained, are divided over whether the second or the third would then constitute the likelier second act in the drama.

In this situation the political scene and the media are full of possibly portentous thunder and lightning. Much of it is in the form of largely meaningless Party meetings and words — always a Slavic Marxist specialty in which, if nowhere else, there is constant overproduction, but lately showing a growth rate that would solve most problems if it were in the production of something salable. From "basic organizations" in neighborhoods and subunits of enterprises to Central Committees and Presidencies of the Federal and regional Party organizations, meetings are piled on meetings and words on words, with agendas ranging from critical reviews of "stabilization" and an allegedly threatening resurgence of ethnic nationalism to culture-and-the-Party and the "ethnic profile" of the Party itself.

Meanwhile, however, a serious debate has developed around the fringes of this feverish show of activity, where rhetoric and resolutions seem to be a pathetic cover for lack of policy and firm positions, except on short-term emergency measures misleadingly called "stabilization." The debate is happening in a significantly rambunctious but frequently thoughtful press, at scholarly and other symposia and professional meetings, in the federal and republican parliaments and governments (which have been getting on rather well with their agendas while the Party examines its own and the country's navels),<sup>11</sup> and sometimes even in those Party meet-

ings and speeches, if antepenultimate paragraphs are read carefully.

Separating the wheat from the chaff, there seem to be at least five schools of thought (and corresponding factions?) *within* the political establishment concerning the direction Yugoslavia should take if and when reforms come. The count includes views that can only be inferred from attacks on unidentified persons and groups said to be advocating particularly "unacceptable" positions as well as those openly if sometimes obliquely expressed and therefore with identifiable advocates.

Probably the most frequently mentioned — and publicly denounced — is a dismantling of many aspects of "self-management" that manifestly complicate and disintegrate economic decision-making and frequently add further distortions to already badly distorted "market mechanisms." Some would apparently like to give a freer hand to "management organs," otherwise pejoratively known as "techno-managerial elites," to get on with the job of building socialism by making profits and investing them sensibly, which was the name of the game (not actually a very successful one) in the 1966-1972 period. It would take place in something more like a real market economy because state as well as self-management interventions would again be reduced. This might in caricature be termed the Reaganite — or in Europe the Thatcherite — solution. Others, comprising a second sub-school of this view, would apparently like something resembling the present (and relatively successful) Hungarian approach: a decentralized planned economy mitigated by a lot of market mechanisms and incentives. This might in similar caricature be termed the neo-"real socialist" or what-the-Russians-would-do- if-they-were-smart solution.

A more extreme version of the second of these, different enough to be called a separate school, is the neo-Stalinist solution: a return to a genuine centralized planned economy and political system. Whatever its well-known defects, this is a system in which someone, with luck equally well endowed with intelligence, integrity, and love of the Party, would finally be able to make and implement the sound decisions for a reunified Yugoslav market and policy that cannot now be made because a hideously distorted market is sending misleading signals and no one is in charge anyway.

The third school has more subdivisions and nuances. It might be called the genuine self-management school, although the label is not entirely or universally accurate. Its advocates would take a razor to the accretions of institutions and procedures that have cluttered the present system almost to the point of freezing-up or incoherence, but would keep the basic framework of a "planned market economy," autonomous market-oriented enterprises, and self-management organs with ultimate power over management ones. Most of its advocates would further reduce or totally eliminate Party interference in economic matters, leaving what must be done to parliamentary and their executive organs, where the unwieldy and (contrary to its theory) undemocratic "system of delegations and delegates" should also be reformed.

What should probably be considered another subdivision of this third school has recently thrown a novel and un-Yugoslav idea into the debate: stop talking about macro-reforms of macro-systems and focus on examining and reforming the bits and pieces of subsystems that are causing the trouble. Some economists, for example, are suggesting that the right place to begin is with the mechanisms and organs that constantly reproduce the improper pricing of capital, labor, and foreign exchange that Professor Tyson, among others, blames for recurrent economic instability. Some politicians and political scientists (in Yugoslavia frequently the same thing, which may of course be part of the problem) are suggesting a critical look at two of the late Edvard Kardelj's last imaginative innovations that seemed better in blueprint than they proved in practice. These are the "system of delegates and delegations" already mentioned above and the "self-management communities of interest" (*SIzovi* in Serbo-Croatian acronym) that have begun to look and behave like still larger, more expensive, and equally inefficient and unresponsive new versions of the state bureaucracies they replaced in the hope of "de-statifying" (*de-étatizacija*) social and public services and to perform other coordinating functions.<sup>12</sup>

There is also the nationalist or building-socialism-in-one-republic solution. It appeals to those who think that they can do it but the other Yugoslavs cannot, as well as to traditional nationalists, regional leaders hungry for more power, and people who be-

lieve some other nation is running Yugoslavia and infringing their own nation's interests or culture. In the economic sphere these "republican étatists" usually appear to advocate either the first or the second of the solutions I have ascribed to the first "school": the managerial free enterprise or the Hungarian. In the political sphere they range from neo-Stalinist or authoritarian Communist to nearly "bourgeois-democratic."

The most unspeakable solution (literally!) for the past thirty years, and therefore with neo-Stalinism in the category of almost wholly anonymous advocacy, is the reintroduction of *political* pluralism, usually taken to mean a multiparty system. It is clear to most people that open promotion of this idea would have all current and aspiring Party power-holders on the barricades immediately, armed with all the formidable weapons they still possess and determined to crush it at any price. It is therefore surprising that it seems to be circulating in establishment as well as dissident circles again and for only the third time, so far as I know, since the Party came to power at the end of World War II.<sup>13</sup> But this is what some recent reiterations of its "total unacceptability" and a few positive references to the virtues of "political pluralism" for "socialist development" by establishment philosophers would seem to imply.

Finally, if it counts as a school of thought, there are those who are apparently terrified of touching anything. These are people with power or privileges they fear would be threatened by any change. They are also, however, those who would like some changes but are frightened, in the terms used at the beginning of the *Report*, that the wrong things may come out if Pandora's box is opened. Together these two groups may still comprise an effective majority that will prevent meaningful reforms until they can come about only after a major and possibly violent political crisis.

It is notable that almost all of these "solutions," except most variants of the "neo-Stalinist" one, make little or only negative reference to the Party and its role. Party leaders have themselves spoken of a "crisis of confidence" and "lack of credibility" when speaking about the Communist Party and League of Communists that has been the center of power for nearly 40 years. For the moment, at least, the Party and Karl Marx, the centenary of whose death the Party is



this spring commemorating with due solemnity and praise, seem at best equally irrelevant and at worst equally despised.

Perhaps this is why the Party is emitting so much sound and fury, anathematizing enemies of Yugoslav socialism on all sides, in its own ranks, and in culture and mass media largely run by Communists. The list of enemies is not new: nationalists of various colors and tricolors, liberals, dogmatists, petit-bourgeois elements, all the familiar pantheon of devils. All are still said to be few in number and without wide popular support, but more active and dangerous as they attempt to exploit the country's current problems for various "anti-self-management-socialist" purposes.

The Party itself is clearly also seriously divided on these and other questions, and at the highest levels. The first public hint that the consensus that apparently reigned within the post-Tito leadership for two years after his death was breaking down, and that papering over differences might not last long, came only a few weeks after the Party's "continuity" Congress in June 1982. The source and the way it was done endowed the hint with special and wider significance.

On September 13 Mitja Ribičič, currently the formal head of the Party as President (by rotation and for a one-year term) of its Central Committee's 23-member "collective" Presidency, delivered the special lecture that marks the opening of a new academic year at the "Josip Broz Tito Political School of the LCY," a kind of Party war college located in Kumrovec, the village where Tito was born. Although the Twelfth Congress was "the most critical" of all postwar Party congresses in its evaluation, Ribičič said, it had ended "in full unity and with unanimous verification of both the report on the work of the Central Committee and in voting for the new Central Committee." Immediately afterward, however, an "episode" behind closed doors at the Party summit had exposed the fraudulent nature of that unity, so that "for a month we were busy settling our internal matters, dealing with questions in our mutual relations within the LC and not with carrying out the Congress Resolutions."

The "episode" occurred, Ribičič told the Kumrovec students, at the first session of the new Central Committee, which takes place immediately after a Congress adjourns to conduct routine

business — particularly the "election" of a new Presidency whose 23 members have actually already been selected by the Party organizations in the eight Republics and Provinces and the People's Army — and "which everyone thought would be of a more or less formal nature, as it had always been." This time, however, "it was demonstrated that a lot that is un-Communist and unprincipled had accumulated in the leadership of the LC during the latest period. There again emerged these old tendencies that were characteristic of the situation in Yugoslavia before the 21st Session of the LCY Presidency in December 1971" — a dramatic meeting in which Tito, confronting the most serious political crisis in postwar Yugoslav history, precipitated a purge that eventually decapitated the Party in four of the country's six republics — "with the difference that the illnesses and deaths of Comrade Kardelj and then President Tito have [this time] been additional factors of increased hesitation and disorientation." This was an ominous analogy and a startlingly unusual revelation, by Yugoslav standards, of open conflict at a closed Party meeting.<sup>14</sup>

The trouble at the Central Committee began, we eventually learned from an unexpurgated version of the text, during voting for the new Party Presidency, for the first time (under an amendment to the Party Statute adopted by the Congress a few hours earlier) by secret ballot. One of Serbia's three candidates for that Republic's three places in the Presidency, Draža Marković, failed to obtain the two-thirds majority required by the statute — a snub to the Serbian Party, a rejection of its will, and unprecedented in the 15 years since Federal Congresses and organs began merely "confirming" elections to federal offices by regional Parties. Many members of the Central Committee from other republics, it would seem, were driving home a point that had been common knowledge for some time: that Marković is popular in Serbia and its Party but unpopular in the rest of the country, in both cases primarily because he is viewed as something of a Serbian nationalist or a sharp political operator willing and able to play on Serbian national sentiments; and that other regional Party organizations would have preferred another Serbian politician, the highly regarded former Yugoslav Foreign Minister Miloš Minić, who had been shunted aside by

the Serbian Party, allegedly the victim of factional in-fighting won by Marković's faction. (The Croatian Party had had a similar experience at the same time, but there the loser was unpopular countrywide: Jakov Blažević, an old Party warhorse and "dogmatic" lately obsessively engaged in vendettas against his old personal enemies, the Catholic Church in particular.) Ribičič described what happened next:

*Comrades from Serbia explained what that meant for relations in their Republic and relations between Serbia and the others. They even warned about the possibility of calling an extraordinary congress [of the Serbian Party, in order, presumably, to renominate or select a replacement for Marković]. We were all aware that this would create a situation in which we would have to wage war with our own selves for a long time. The Committee on Personnel met while the [Central Committee] meeting was going on and with the agreement of the candidate requested a new vote on his candidacy. In a new secret ballot Draža Marković received the required majority.*

### The Party Tries

In recent months a marathon series of plenary sessions of regional and Federal central committees and presidencies has been dedicated to an alleged resurgence of dangerous ethnic nationalism, what is happening in the media and culture, and the fitness of the Party and its members for the tasks confronting them.

Judging by the speeches made at these meetings, nationalist prejudices and suspicions and the number of "nationalist excesses" are at their worst level since 1970-71, when they alarmed Tito into initiating the political coup and purges of "nationalists" and "liberals" that Ribičič referred to in his Kumrovec lecture. This may or may not be true.

Most outside observers with sufficiently long firsthand experience to compare the present atmosphere with that of 1970-71 and earlier, including this reporter, have been unable to collect sufficient evidence to justify the degree of preoccupation and alarm displayed in these speeches and some press reports. Moreover, many of the "nationalist excesses" that are being cited turn out on closer examination to have been extraordinarily trivial. One of the most notorious, for example, occurred at the midnight end of an

alcoholic birthday party in a Zagreb University student hostel last October. Some Croatian students began singing popular Croatian songs with lyrics that at least one Serb student from a neighboring dorm considered nationalistic. On the following day the offended Serb told the woman whose birthday it had been that he would denounce the singing of such songs to the hostel's Party organization (or, in some versions, the police). For this he was later hauled from his room and roughed up by two of her friends. The incident was still being intensively discussed at Party meetings and in the press five months later. Many found ominous parallels to the situation in 1971, when nationalist students at the same university called a strike that finally precipitated Tito's action. Only a few, while also agreeing that the songs in question were nationalistic, pleaded against exaggerating the significance of a banal scuffle and some old lyrics with the "wrong" words (namely, "Zrinski-Fankopani" — 16th century Croatian heroes — and "the name of Jesus" in place of the revised and acceptable version's "forward Partisans" and "the name of Tito" in the patriotic song "Marjane, Marjane!").\*

On the other hand, the escalation of ethnic nationalism that led to the 1971-72 crisis also began with banal incidents that were initially tolerated. Then Croatian nationalism was the most vociferous and the principal challenge, presumably one reason why the present Croatian Party leadership (in general the same people Tito imposed in place of purged "nationalist" Party leaders in December 1971) is currently hypersensitive and inclined to err on the side of exaggerating the significance of even minor incidents and others with questionable nationalist content. This time, however, there is general agreement that if ethnic nationalism is indeed threatening stability again, the gravest challenge will come from the Serbs, a particularly alarming prospect be-

cause they are the largest nation (39% of total population) and the most widely dispersed outside the borders of their own republic. Serbian national sentiment has suffered many injuries recently, the most severe and hurtful from the events in Kosovo, which have included a massive further exodus by frightened members of the residual Serb minority from the province that was the heart of medieval Serbdom and the site of most of Serbia's most revered historical monuments and events. A Serbian nationalist "backlash" has been predictable and predicted, and there are signs that it is taking shape. Its dimensions and consequences are still unclear, but it is here that those who interpreted the Kosovar Albanian nationalist and irredentist outburst in 1981 as an omen of countrywide crisis — and not merely a containable Yugoslav Northern Ireland — may yet be proven right.

Meanwhile, the debate on this subject has included references to recent "attitude surveys" taken among youth across the country and purporting to show that nationalist values and prejudices are still widespread and deeply rooted in another new generation supposedly indoctrinated with the "brotherhood and unity" of the Yugoslav nations and nationalities. A separate survey found that the proportion of youth "positively disposed" toward the "self-managing system" has fallen from about two-thirds in the mid-1970s to 53 percent in 1982. (More specifically, those surveyed tend to accept self-management as a value but to be increasingly skeptical of actual practice.) The corresponding 1982 figure for workers was 44 percent. It is reasonable to assume a linkage of kinds between the findings of the two sets of surveys, and between both and the startlingly blunt views expressed in the University of Belgrade student newspaper by a Professor Lazar Trifunović:

*Wherever they turn, young people see they are being tricked and deceived. From their childhood they have been instructed and "brain-washed" [to believe that] they are living in the freest, most democratic, and most revolutionary system, in which all people have equally been guaranteed and have secured the basic human rights. On growing up they immediately grasp that none of these rights can be realized; they move away from them and never return, disappearing in a sea of phrases, resolutions, self-management agreements, laws, regulations and instructions,*

*which are mercilessly and almost pathologically being produced by the bureaucrats in an attempt to hide the real picture about us. Having understood that the words of the resolutions have nothing in common with reality, young people cannot avoid clearly recognizing that they have been living in a society run by old people who crave for power, although they suffer from sclerosis, unable to suggest anything new and creative; instead, these senile people are very radical in defending their privileges and their right to govern and manage people.*<sup>15</sup>

The Yugoslav press in general, while not often as extreme and polemical in tone as this citation, has been extraordinarily uninhibited in the past couple of years. Daily newspapers, weekly newsmagazines, and popular monthlies (some in the style of *Playboy*) are full of critical comment on policies and their consequences written by their own staffs and in the form of interviews with and contributions by prominent or aspiring political figures and intellectuals. Firstclass "investigative reporting" exposes corruption, incompetence, and dirty politics in expected and unexpected places. It has been like this before, in the later 1960s, but not in the 1973-1980 period, when editors and reporters who had dared too much were demoted, sometimes fired, or could write only inoffensively and with a pseudonym or no byline.<sup>16</sup>

Growing Party annoyance, fanned by the wrath and vengefulness of individual "victims" of investigative reporting or press criticism, was first expressed at "comradely" meetings with fellow-Communists in the Party organizations of the offending publications. (A reported 9,000 of Yugoslavia's 11,000 working journalists are Party members; several of them, including some principal editors of the most uninhibited papers, are members of higher Party organs, including central committees.) Nothing noticeable happened. The next step was a hierarchy of plenary meetings, beginning with the Party committees in wards and then cities where offending publications are housed, then at the republic level, and finally by the all-Yugoslav Central Committee (at its Sixth Plenum on March 14), to examine the role of the press and culture in the difficult circumstances confronting the country.

These meetings invariably repeated that the Yugoslav press is of course free and not subject to Party dictation, but must also be "responsi-

\*In April 1983, after this *Report* was completed, the students who roughed up their Serb colleague were tried by a Zagreb court and sentenced, respectively, to 4 and 2½ years in prison for assault and "nationalistic behavior . . . that incites national and religious hatred, dissension among the nations and nationalities, and injury to revolutionary sentiments" (the charges as cited in *Danas*, April 19, 1983).

ble" and supportive of self-management, education and mobilization of the populace for "stabilization," and brotherhood-and-unity, not local and national interests. The press in general was said to be fulfilling these criteria, but there were woeful exceptions, especially in "destructive" rather than "constructive" criticism and scandal-mongering that undermine morale in already difficult times and in some articles and literary works that provoke tensions among the nations and nationalities. Thus, for an example of the style and what some Party leaders find annoying, Dimče Belovski's keynote speech to the Sixth Plenum deplored individual journalists "who often assume the role of investigators into the activities of enterprises and become hounders' of mistakes and shortcomings instead of constructively participating in the responsible task of keeping the public informed."

Two publishing houses were picked out for particularly frequent, explicit, and sometimes vitriolic criticism: the one in Belgrade that published Yugoslavia's most respected daily, *Politika*, and weekly newsmagazine, *NIN*; and the one in Zagreb that publishes the Croatian leading daily, *Vjesnik*, and *NIN*'s new equally outspoken competitor, *Danas*. In going through the motions of "self-criticism" in reporting what had been said about them, each of these periodicals boldly rebutted the essence of it. Readers are now busy debating whether more recent issues have "toned down" 10 percent, 20 percent or not at all.

In the face of this kind of "campaign," in the past often followed by sanctions, the press's stubborn holding to course with only a little trimming of sails here and there is a comment on the quality, courage, and journalistic and political values of a large number of Yugoslav journalists. It also suggests that those of them who set the tone, seasoned and often scarred veterans of the art of the possible in Yugoslav journalism, have reckoned that they enjoy enough protection in various appropriate quarters of a united Party to get away with it — protection, that is, from powerful Comrades who share their view of the role of the press or whose particular interests, preferred policies, or factions a particular newspaper is serving.

Meanwhile, one journalist has gone to prison because of her investigative reporting but has appealed her sentence and is expected to win re-

lease. She is Ranka Čičak, a Belgrade-based *Vjesnik* reporter who uncovered a swindle involving pigs, peasants, and corrupt politicians in a village near the capital (the story was headlined "The Pig Mafia"). After reported telephone threats on her life were unavailing, she was charged with "hostile propaganda," the most infamous paragraph in the Yugoslav criminal code, and sentenced by a district court to two and a half years for allegedly having said, in the hearing of some of the villagers she was exposing, that after 1945 Tito had "maintained relations" with Cardinal Štepinac, a later imprisoned Archbishop of Zagreb, and "had squandered money on his travels (the phrasing, here and elsewhere full of sardonicism, is from *Vjesnik*'s report of the trial). The case raised a furor of negative comment in the press, and senior officials hastily noted that "justice" will certainly be done when her appeal is heard.

Other recent plenary meetings of various Party organizations, again including the Central Committee, have similarly concerned themselves with alleged instances of nationalism, devaluation of the Partisan War and socialist revolution, and other "anti-socialist" positions and incitements in literature, the theater, and historiography. The picture is again confused, and even Party judgments on single "cases" have varied from person to person and place to place.

A new drama by a young playwright — entitled "Golubnjaca" ("Pigeon Cave"), a stark portrayal of wartime national hatred and massacres in the bleak Dalmatian hinterland and mindless echoes of these among present day local youth — has been the most discussed case. Denounced in some forums and banned in Novi Sad in the Vojvodina (but only after playing for some time to packed houses), it has played to public and Party acclaim elsewhere, and was awarded a prize in Slovenia, as a good and honest portrayal whose moral is the horrible absurdity of the nationalistic intolerance and hatreds that led to the wartime Pigeon Cave massacre and its theatrical re-enactment by today's children.

In another notorious case the executive editor and the director of a publishing house in Croatian Rijeka lost their jobs, and the former his Party membership, after their firm published a controversial book of essays and speeches by Dobrica Ćosić, Serbia's

most famous living writer, and a veteran Communist (with the Partisans from the beginning in 1941) and a former member of the Serbian Party Central Committee. In an escalation of epithets the book has been described, *inter alia*, as "a Bible for Serbian nationalists," a hyperbole that smacks of witchhunting. Its real "crime" is its author's challengeable reputation as a Serbian nationalist and one chapter: the text of a speech to the Serbian Central Committee in 1968 that was denounced at the same meeting as unacceptable and nationalistic, making him indeed a national as well as literary hero, although it cost him his place on the Central Committee and his political career. Ironically, the "unacceptable" but unforgettable focus of the speech, which also contained an overlooked denunciation of waxing Serbian nationalism, was a prophetic early warning and denunciation of a rising tide of Albanian nationalism and anti-Serbianism in Kosovo. Banning the book, incidentally, can merely forestall reprinting: the first edition of 10,000 copies sold out within days of publication in January 1983.

The list goes on,<sup>17</sup> another clear sign of the jitters. For a balanced picture, however, it should also be noted that book publishers, theaters, and filmmakers, as well as the press, are producing a myriad of things that would have been impossible only a few years ago. Particularly noteworthy is the work of serious academic historians<sup>18</sup> of the Partisan and younger generations, whose meticulous and notably objective revision of wartime and early postwar history is producing a healthy "de-mystification" — not, as some are charging, an ill-intentioned and destructive devaluation — of the Partisan struggle and the regime's founding.

The final focus of all this frenetic Party activity has been the Party itself: its fitness and that of its members for present and future tasks. While lashing out at its purportedly manifold "enemies" with an apparent impotence that seems to indicate that power has faded as well as respect, the League of Communists is preparing for a domestic housecleaning to rid itself of dead (called "passive" and "opportunistic") as well as ideologically and morally diseased wood. The name of this game, recently called "differentiation" and earlier "cleansing" or "purge," is now "cadre documentation and evaluation" (*kadrovska evidentiranje i ocjenjivanje*).

Party membership figures and social structure have historically fluctuated under the influence of events (with spasms of rapid growth in the years 1948-1972 coinciding significantly with periods of bad Yugoslav-Soviet relations or domestic reforms) and with fluctuations in the official view of what the Party should be (membership "campaigns" when a more democratic mass party was the goal; "cleansing" and stricter criteria for joining when the goal was to return to a Leninist "cadre party"). From the end of the last period of shrinkage in 1973 until this year the "mass party" philosophy prevailed, with relaxed criteria and special emphasis on attracting workers, youth, and women to an aging and predominantly male organization in which the working class was embarrassingly under- and professional classes embarrassingly over-represented. 1973 to about 1978 was also a period of renewed emphasis on Party membership as a professional or job qualification. Membership consequently doubled in the nine years 1973-1981, from just over one million (one for every 14 Yugoslavs) to 2.1 million (one out of seven or 9.5% of the population). "In many environments," a semi-official commentary on membership trends notes candidly, "LC membership was identified with moral and political fitness, so that a number of young and other people joined the League to obtain a job or to be promoted to responsible and managerial posts more easily."<sup>19</sup>

So a "quiet purge" will now begin. On past performance it will strike most heavily at those membership sectors where the Party has lately been so proud of rising numbers: workers and youth. A few token heads will fall among the Party professionals and somewhat more among the over-represented "techno-managerial elite" and other upper social strata. The "ethical profile of the party" may receive some cosmetic improvement, but the party will not thereby be fitter for its tasks. This, to reiterate, is an expectation based on past performance; those who are initiating the "cadre evidencing and evaluation" are declaring that it will be done better and across the board this time.

### The Patience of the Yugoslavs

In a long address opening the Fifth Plenum of the LCY Central Committee on February 28, 1983, Presidency member Kiro Hadži-vasilev spoke in detail about "a critical phase

in the development of our society and system" and then paid tribute to the understanding ("high level consciousness") and patience with which Yugoslavs in general were accepting and responding to the sacrifices asked of them:

*Precisely this consciousness and attitude of the working class and working people explains their behavior in present circumstances. And that behavior seems to some foreign circles strange, incomprehensible, and perverse. In the foreign press they sometimes wonder how it can be that our workers and citizens take a considerable fall in living standards and shortages and deprivations so calmly and patiently. We could add to that yet another exceptionally important indicative and instructive fact: precisely in the period when our problems have worsened most and a fall in standards is being registered, from 1980 to now, the number of strikes in our country, the number of participants in strikes and lost work hours, has been cut by half — although even earlier they were incomparably less than in many other countries.*

Although the number of strikes has reportedly increased since the beginning of the year, the "strange, incomprehensible, and perverse" patience of the Yugoslavs is to date still largely intact and has been registered, often indeed wonderingly, by foreign observers watchful for signs of a breaking popular storm.

The reasons are by their nature largely speculative. One plausible key is provided by the ubiquity with which this and other observers have heard ordinary Yugoslavs say: "we've been living beyond our means for years, this had to come. There's nothing for it but to tighten our belts and learn to work." A great deal of criticism of the regime, its past follies and current sins of omission and commission, may follow, but that "we" seems crucial. Rightly or wrongly there seems to be a widespread feeling that everyone is in part responsible, we and I as well as they. This attitude is in turn certainly related to and reinforced by a crucial difference between the Yugoslav system and that of other European Communist states. In those others a small, easily identifiable group — the Party-state apparatus — is clearly in charge of all or most economic as well as political decision-making; everyone knows whom to blame and anger can be focused. In Yugoslavia such decision-making is widely diffused and the

economy and polity are to a considerable degree autonomous of one another; "responsibility" is correspondingly diffused, both in fact and in the eyes of the beholders, and with it blame and anger. As in Western countries suffering analogous if less extreme problems and declining standards, one is not quite sure whether to be madder (or maddest) at the government, decision-makers in business, the trade unions, or perhaps even our own work habits and values. Such diffusion of anger, while it does not explain why there are not more strikes and demonstrations, if only out of simple frustration (cf. many Western countries), is obviously less threatening to the government or the regime.

This explanation is still inadequate and remains so even when other likely factors are added in: comparisons with the plight of people in other countries, including some neighbors, that make the Yugoslav plight seem less bad or at least more bearable; a lively awareness that instability or collapse in Yugoslavia is certain to be exploited by others, undermining or destroying the country's treasured independence and ability to chart its own course; a "phase" in public consciousness and social psychology, fed up with Yugo-Marxist cant, in which the simplistic solutions based on ideology that more easily turn men on and out are antipathetic; a residual touch of Near-Eastern fatalism; et al. The explanation, however, is for the moment less important than the fact.

That "fact" of long-suffering patience and tolerance (for which further evidence could be advanced if space permitted) can cease to be one, possibly quite suddenly. If that day comes it will answer a final and for the moment unanswerable question: are apparently frantic officials and dramatic foreign and domestic press reports too alarmist, or are most of the Yugoslavs and some of the "experts" too calm and hopeful?

(April 1983)

## A NOTE ON SOURCES

Apart from personal observation, conversations, and other sources cited in the text, this *Report* is based on selective reading of the Yugoslav press and West European press coverage of Yugoslavia during the months since the Twelfth Congress of the LCY (June 1982). To avoid an enormous clutter of footnotes specific citations have generally been omitted (even in the case of direct quotes from speeches by senior officials, which are usually printed in full in all major Yugoslav dailies). Responsibility for errors of fact, particularly likely in provisional or estimated statistics sometimes merely thrown in to illustrate a point by a Yugoslav journalist and then re-used in this *Report*, must therefore fall more heavily than otherwise on the present writer, who picked the wrong source and did not share the blame by citing it.

Political decentralization, differing regional and national interests and views, and a press sufficiently free, skilled, and locally protected to express these and other differences make it necessary or at least advisable to cast a wider net than is normally needed in other Communist-ruled European countries, except for those interested in local affairs. Dailies and weeklies that should be read regularly include *Politika* and *NIN* (Belgrade), which are generally regarded as Yugoslavia's best, *Danas* and *Vjesnik* (Zagreb, the former a new weekly successfully competing with *NIN* as a must-be-read newsmagazine), *Komunist* (technically the only "official" Party newspaper, a weekly published in various languages and editions throughout the country), and *Borba* (Belgrade and Zagreb, widely disdained as "official" and dull but a useful newspaper-of-record with full texts

of resolutions, less important speeches, etc.).

Where time, energy, and in some cases language competence permit, one should also see the leading dailies in other republican and provincial capitals (particularly *Delo* in Ljubljana and lately — if one happens to read Albanian! — *Rilindja* in Priština) and a few other cities (e.g., *Slobodna Dalmacija* in Split provides occasional reminders that Dalmatians are different). The same applies to several "popular" or "soft-porn" magazines like *Start* (Zagreb), which have emulated *Playboy* by including "serious" and political journalism and controversial interviews with leading personalities, and at least some of the specialized weeklies and journals focusing on business, ideology, and so on. My own reading in this second category in the period covered by this *Report* has been spasmodic at best.



## NOTES

1. See D.I. Rusinow, "After Tito . . ." *AUFS Reports*, No. 34, 1980, for a description of the funeral, the transition, and problems confronting Tito's successors in summer 1980.
2. See "A Note on Sources" at the end of this *Report*.
3. For a fuller discussion, see D.I. Rusinow, "Yugoslavia's First Post-Tito Congress," *UFSI Reports*, Nos. 39, 40, 1982, to which this *Report* constitutes an "up-date."
4. Statistics from *Vjesnik/7 Dana* (Zagreb), Feb. 26, and *Politika* (Belgrade), Feb. 25, 1983.
5. Reports differ wildly and over time on sums involved, participation, and terms, details offered here may also be inaccurate on some points.
6. See *The Wall Street Journal*, April 23 and May 7, and *Business Week*, May 10 1982. For one Yugoslav report and commentary, see *Vjesnik/Sedam dana* (Zagreb), May 22, 1982.
7. "Prokletstvo Pandorine kutije" — "The Curse of Pandora's Box," a reference to new foreign credits reopening the question of investment priorities that has lately been sealed by lack of funds — in *Danas* (Zagreb), Feb. 15, 1983, which puts the size of the World Bank credit at \$750 million spread over 3 years (cf. \$300 m. *in toto* in my best information available).
8. See her contribution to a seminar on "Yugoslavia After Tito" at the Kennan Institute for Advance Russian Studies, The Wilson Center, Washington, D.C., in October 1981, published as a Kennan Institute *Occasional Paper* (no. 157, n.d.).
9. For more detailed figures and assessment, see *Danas*, March 15, 1983.
10. "The Other Albanians Kosovo 1979," *AUFS Reports*, Nos. 6 and 7, 1980, written in sadly accurate anticipation of the troubles that erupted in the spring of 1981. Brayne's account, which he repeated for me on his return to Vienna, was broadcast by the BBC ("Outlook" and World Service) on March 24, 1983.
11. In a recent letter about a London symposium on Yugoslavia Sir Terence Garvey, a wise former British Ambassador to Belgrade and Moscow, wondered whether this development, if it continues, might not lead to real control over policy by governments and parliaments rather than the Party — without a conscious decision to do so.
12. The UFSI Reports cited in footnote 3 provide background and general information, not repeated here, on this and other issues involved in the current debate and the positions of the various "schools."
13. The first time was in 1953, until halted by the Djilas crisis. The second, less well documented, was on the fringes of the Party debate about further "democratization" at the end of the 1960s.
14. Some of what Ribičič had to say was so sensitive and unusual by Yugoslav political norms that it was left out of reports in the mass media until after it was published in *Komunist*, the Party's own weekly. Even there, curiously, the most sensitive revelation of all — the naming of Marković — was carried only in *Komunist's* Slovene-language Ljubljana edition, where it was overlooked by the Belgrade and Zagreb press until the end of the month!
15. From *Student*, Feb. 23, 1983, as quoted by Slobodan Stanković, "Yugoslav Workers Demand Changes," in *Radio Free Europe Research*, RAD/79 dated April 12, 1983.
16. There is no prior censorship in Yugoslavia. The law requires that the first copy of every printed publication be sent to the public prosecutor of the locale in which it is published. The prosecutor may temporarily ban *further* circulation and printing pending a judgment by a relevant court, which may, but does not always uphold the ban. Grounds for banning a publication are stipulated in the law, but are sufficiently loose and general to be liable to various interpretations and abuse. What cannot be published is therefore largely a matter of self-censorship by dutiful or cautious writers and publishers, backed up (but only after circulation has usually begun) by the procedure described here and *ex post facto* sanctions against writers and publishers.
17. For those interested in more details and cases, Radio Free Europe's "Background Reports" (its RAD series) have been following press and cultural developments with particular thoroughness in recent months.
18. Because his enormous three-volume *Novi prilozi . . .* has attracted much attention and comment in the West as well as in Yugoslavia, it is important to note that Vladimir Dedijer is not in this category.
19. "Membership in the League of Communists of Yugoslavia," in *Yugoslav Survey* XXIII, 4 (November 1982), with many other useful statistics on social, sex, and age composition and distribution by republics and provinces.