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Situation Report - Yugoslavia 18 September 1989

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SITUATION REPORT

1. Yugoslav Views on Pluralism and Poland

Summary: *A veteran party official in Yugoslavia recently warned Yugoslav Communists not to relinquish political power in the way their counterparts in Poland had done. Media coverage of Polish affairs has taken its place in the domestic Yugoslav debate about political pluralism.*

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Dusan Ckrebic, one of Serbia's representatives in Yugoslavia's 23-member Presidium of the League of Communists' Central Committee (LCY CC), said on September 2 that the LCY "must not relinquish power as happened in Poland or agree to become a parliamentary opposition, as in Hungary."[1] Ckrebic, who at 62 is the Presidium's oldest member, added that the LCY is "in real terms the strongest political power" in Yugoslavia, "particularly in Serbia." He said that the party "should not relinquish its influence" over Yugoslav society.

The Debate over Pluralism in Yugoslavia. Ckrebic's comments were made at a meeting with industrial managers at the Smederevo Steel Enterprise in the Serbian town of Smederevo near Belgrade and are the first statement on recent developments in Poland by a high-ranking Yugoslav party official. His remarks, of course, have at least as much to do with the internal Yugoslav discussion of pluralism as they do with events in Poland; and they should not be interpreted as the LCY Presidium's official line or the consensus of the party's rank and file on the issue. Indeed, the Serbian leadership is known to take a particularly hard line within the party; and the absence of any official statement on Poland suggests sharp differences of opinions within the LCY over the issue of political pluralism and the possibility of coalition governments in which the party would share political power with opposition parties.

Political pluralism is an issue that has been raised many times before in Yugoslavia. At present probably a small majority of Yugoslav Communists would reject the idea of coalitions with opposition parties.[2] An official LCY line is likely to be agreed before the 14th party congress tentatively scheduled for mid-December, and any statement on the issue by the Presidium will have a crucial bearing on the LCY's draft document on political pluralism currently under preparation. In the meantime, the republican party leaderships in Slovenia and Macedonia are giving serious consideration to the possibility of allowing opposition parties to compete against the LCY in direct elections.

Ckrebic's comments will no doubt add to the political war of words between conservatives and liberals. The conservatives,

such as Ckrebic, insist that Communists "should retain a democratic attitude to those who think differently, but minorities should not be permitted to form factions within the party." This remark by Ckrebic was clearly meant as a warning to Slovenian Communists. Serbian Communists, under the leadership of Slobodan Milosevic, have been largely responsible for the criticism of the Slovenes' more liberal approach to reforming the country's political system. They say that the kind of political reforms envisaged in Slovenia would lead to the republic's eventual secession from the loosely knit Yugoslav federation. The Slovenes have repeatedly denied such charges.

Over the past year the Slovenian communist hierarchy, led by President Milan Kucan, has tolerated the establishment of independent political groups in the republic; and some leaders talk of permitting noncommunist political groups to vie for posts in the republican government and for seats in the Slovenian national assembly during next May's elections. They have also encouraged round-table meetings with representatives of these independent groups and put forward the possibility of a coalition with non-Communists should the party fail to gain a majority next May. Advocates of this move see it as the most democratic means of bringing an end to the party's monopoly on power.

While the LCY's leadership is largely agreed on ending the party's monopoly on power, it is, however, deeply divided over how this end should be achieved. Indeed, even among Slovenian Communists there is an undercurrent of opposition to Kucan's policies. Franc Popit, who was President of Slovenia's CC during the 1960s and 1970s, recently resigned from the Slovenian CC, complaining that the liberals in the Slovenian party were "flirting with the opposition . . . [and] making a big political mistake by sitting on their hands" in the face of a growing opposition in Slovenia.[3]

In an unprecedented development, the Macedonian Central Committee on August 31 issued a draft program on economic and political reforms that it intends to adopt at its 10th party congress in late November; the congress is being held in preparation for the 14th (Extraordinary) Congress of the LCY.[4] The Macedonian party's document, read by Svetomir Skaric, one of the 14 members on the Macedonian CC Presidium, stated that Macedonian Communists would insist on the establishment of the system of direct elections; and it defined political pluralism as the "the right of all citizens to political association, including the right to form political parties." It said that this right should be "introduced in place of the freedom of association guaranteed under the current Yugoslav constitution." According to Skaric, "a multiparty system may become a reality even in our country [Yugoslavia] . . . if the citizens so determine." The Macedonian party President, Jakov Lazarovski, supported the constitutional guarantee of the right to political association but emphasized the possibility of a two-party system

in which the LCY would compete in elections with a reorganized Socialist Alliance--reorganized from its longstanding function as the party's umbrella organization into an alliance of alternative political groups.

The wording of the Macedonian call for political reform is more radical than any other official party document in Yugoslavia dealing with political pluralism in that the term multiparty system is used openly to label the kind of system envisaged by the program. Moreover, the call comes from a traditionally hard-line republic. So far in Macedonia, however, there are none of the independent political associations to be found in Slovenia, Croatia, Montenegro, or Bosnia-Herzegovina. Marin Buble, a member of Croatia's Central Committee, recently made a similar call for a multiparty system and said that such a system in Yugoslavia "is unavoidable and necessary." He also said that "last year it was unthinkable to speak of a multiparty system in Poland and Hungary, just as it is today [in Yugoslavia] . . . ; yet today multiple parties are in action [in Poland and Hungary]."[5]

Media Coverage of Polish Affairs. The Yugoslav media have given a generally balanced coverage of recent developments in Poland. The Zagreb weekly *Danas*[6] commented on "how times have changed." The weekly remarked that "traditionally communist revolutionaries" had opposed "conservative adversaries of democratic changes" in Poland but that "today the party opposes change and only by force accepts democratic pluralism." The weekly concluded that in Poland "the party has lost, but not the Communists. Dogma is being destroyed, but socialism remains." Commenting on Tadeusz Mazowiecki's appointment as Poland's Prime Minister, the Belgrade weekly *NIN* said: "To some it is a success for the concept of political changes, to others it is the beginning of a revolution."[7]

Prior to Mazowiecki's appointment some Yugoslav radio stations commented on the developments. Radio Zagreb on August 19 led off its international news feature by saying: "It appears that Poland will be the first socialist country with a civilian opposition government."[8] The commentator Zrnka Novak optimistically assessed the developments by saying: "In its painstaking progress toward democracy, Poland is now on the way to resolving its governmental crisis." She said that "Poland's first coalition government will be burdened with many unusual problems compared with governments in traditional parliamentary democracies" and concluded that the Catholic Church would be able to help Solidarity "in its role of explaining the new qualities of the relationship between the state and society."

On August 20 Radio Belgrade's commentator Branislav Canak said:

> Choosing Mazowiecki as Prime Minister immediately poses the question of whether this is a reflection of the unavoidable reality of the balance of power in the Polish political scene, or whether this choice has been imposed by the sheer exhaustion of possibilities. Both factors were probably at play. This is encouraging, however, because under the same circumstances some politicians in the not so distant past would have resorted to cutting the Gordian knot with a sword. Prime Minister Tadeusz Mazowiecki will be warmly welcomed, but it is unlikely that this will significantly increase the chances of receiving the $10 billion aid [that Solidarity has estimated Poland needs]. Perhaps the most notable thing in this act of nominating a prominent Solidarity member as Prime Minister lies in the fact that it will become crystal clear to everybody inside and outside Poland that there are no magic wands and that the fate of the country has been and will remain in the hands of its people. Solidarity will not be able to pull Poland out of its crisis alone.[9]

Radio Belgrade concluded by saying that Mazowiecki, like his predecessor Kiszcak, would face "some stormy days" ahead and might fail "to form a generally acceptable government." The radio did not make clear just who might not find the government acceptable, but it seemed to be suggesting that the Polish United Workers Party might raise objections.

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1 *Politika* (Belgrade), 3 September 1989.

2 *Vjesnik* (Zagreb), 24 June 1989.

3 *Delo* (Ljubljana), 30 August 1989.

4 *Borba* (Belgrade), 1 September 1989; *Vjesnik*, 1 September 1989.

5 *Vecernji List*(Zagreb), 11 September 1989; *Borba*, 13 September 1989. Reprint of interview in *Slobodna Dalmacija* (Split), 11 September 1989.

6 *Danas* (Zagreb), 29 August 1989.

7 *NIN* (Belgrade), 27 August 1989.

8 Radio Zagreb, 19 August 1989, 1:00 P.M.

9 Radio Belgrade, 20 August 1989, 8:00 A.M.

2. Yugoslav Commission Proposes Changes to Party Statutes

Summary: *A commission of the League of Communists of Yugoslavia has proposed changing the party's statutes as a means of bringing about much needed reform to the country's political system. Although the proposals call for a streamlining of the party's Central Committee and a reorganization of its hierarchy, the divided LCY CC remains ambivalent on such crucial issues as political pluralism and the ideological transformation of the party.*

* * *

On September 11 at the 26th Central Committee plenum of the League of Communists of Yugoslavia (LCY), the party's commission in charge of reforming the LCY Statutes issued its proposals. Practical changes are still a long way off, however, and the party remains deeply divided over reforms. Indeed, the party still seems given to generating much empty talk and vague "decisions." At the plenum, for example, the Central Committee reiterated its opposition to the party's monopoly on political power and said that the party had to take a firm stand over its future role in Yugoslav society; but what such proclamations mean in practice is unclear. On the whole, it does seem, however, that the proposals made at the plenum fell far short of the fundamental changes to the country's political structure that many Yugoslavs, including some within the party leadership, see as needed before market-oriented economic reforms can go ahead.

Party Reform in the Making? The plenum's opening speech was by Ivan Brigic, who spoke in his capacity as chairman of the commission on the LCY Statutes. Brigic is a Bosnian Croat and one of the representatives from Bosnia-Herzegovina in the Central Committee's 23-member Presidium. He said that debating what course the LCY should take would make a major contribution to overcoming divisions in the party and the country's general economic and political crisis.[1]

Brigic said that there were some "very pronounced" conservative ideas inside the LCY, according to which the party "should consolidate its position as a monolithic body and the highest arbiter in resolving conflicts of interest in society." At the same time, he said, there was also a growing movement advocating that the LCY "replace the state-party model with a modern democratic political system adjusted to political pluralism and competition among political ideas and programs." Brigic said the commission on the LCY Statues had decided to avoid these radical views. It had decided that "only a deep democratic reform of the LCY would prevent the return to a state-party model" and that "even the party's monopolistic position within the political system should be changed."

This formulation seems deliberately vague, and Brigic did not directly discuss the possibility of a multiparty system and direct elections in which the LCY would compete with opposition groups. The commission merely recommended that the current 1974 federal constitution, which enshrines the leading role of the party, be "abandoned during the work on a new Yugoslav constitution" and that the role of the party be determined on the basis of "its democratic position in society."

The commission's report did call for the principle of democratic centralism to be retained. This principle, conceived by Lenin and adapted to Yugoslav conditions by Tito, obliges the party to listen to all opinions voiced in party forums but requires minorities to be subordinate to the will of the majority (which usually means in practice the will of the party leadership). Brigic said that minority opinions in the party should have the right "to fight without impeding the implementation of the majority decision." He explained that respecting minority views "does not represent the institutionalization of a minority" but was simply part of the decision-making process.

In response to Brigic's report, Milan Pancevski, who is President of the CC Presidium and one of its Macedonian representatives, said that without democratic centralism "the party would become a debating society and a political forum." Some party members have argued that a major weakness of the LCY has been the degeneration of democratic centralism into bureaucratic centralism. They argue that the party is, in fact, eight parties--one for every republic and autonomous province and each pursuing its own interests--and that this development has alienated the party's two million members from the party leadership.

Ivo Druzic, a Croat and member of the LCY CC, resigned from Brigic's commission because of these problems. He explained that the commission's stand had merely conveyed the positions of regional party leaders, "as if the commission did not do any work,"[2] meaning that the commission's members did not voice their own views. (Druzic, considered a moderate and a rising political star in Croatia, favors competition among different political ideas and programs and is apparently at odds with the less than moderate Brigic, a political ally of the former Prime Minister and Bosnian strongman Branko Mikulic).

The commission did make some practical proposals about streamlining the CC from its current 165 members to 129 and replacing the CC Presidium with a new Executive Body. The proposal was described as an organizational model that would make the party's ruling body "more accountable and more effective."

Brigic said that there was still some disagreement over the actual structure, composition, and role of this Executive

Body, but he outlined the commission's majority opinion proposals. According to these proposals, the Executive Body would be headed by a Secretary elected by the LCY CC for a two-year term with the possibility of re-election for a second term. The members of the Executive Body would also be elected from among CC members, but it is not clear how many members there would be. According to Stefan Korosec, currently the Presidium's Executive Secretary, some members on Brigic's commission proposed that the Executive Body have 15 members and no ex-officio members. According to the commission, the Executive Body would not serve "as an independent political body," rather it would serve "to ensure that the decisions and conclusions of the LCY CC are implemented." The commission also proposed that the LCY CC elect a President, who would "direct the work of the LCY CC," for a two-year term, with or without the possibility of reelection. The commission did not specify whether the Secretary or the President would hold the reigns of power in the LCY CC. Some commission members are opposed to the creation of an Executive Body, claiming that it would weaken the LCY CC.

Fundamental Issues Placed on a Back Burner. The equivocal nature of Brigic's speech and the commission's report suggests that deep divisions within the party continue to block any agreement on how to tackle the country's economic and political crisis. The protracted debate about a reformed party and its role in a reformed political system has yet to yield any concrete results. Much of what was said and proposed at the 26th CC plenum had already been discussed at the First Conference of the LCY in May 1988.

Major changes to the LCY Statutes cannot be made until a platform has been agreed, and that can take place only at the 14th (Extraordinary) Congress of the LCY tentatively scheduled for mid-December. (Because of deep divisions in the party and protracted party procedures, there has been talk that the congress may be held in mid-January 1990 instead.) The party leadership has said that changes to the statues will then be made sometime between this congress and the next; the gap between congresses is usually four years. The changes may well coincide with the expected promulgation in 1992 of a new federal constitution, Yugoslavia's fifth since 1946. The party leadership is far from clear on the matter, however, and the changes could come sooner.

Before then a number of other obstacles must be overcome. For a start, there has still been no formal proposal that the LCY be transformed; according to normal procedure, such a proposal is needed before any decision about changes in the statutes can be made. More important, the long-awaited plenum on political pluralism and the party's official stance on this matter has been put off, which again suggests the leadership's inability to agree on a common stand. In short, then, progress toward party reform is proceeding at a snail's pace on account

of the complicated legal procedures involved and the political divisions in the party's hierarchy. Indeed, one is tempted to ask just what is required to clear the way for a political framework within which Yugoslavia's myriad problems can be tackled. And what is likely to happen if the divisions and obstacles are not overcome?

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1 *Vjesnik* (Zagreb), 12 September 1989; *Borba* (Belgrade), 12 September 1989.

2 *Vecernji List* (Zagreb), 12 September 1989. The 26th CC plenum also adopted a 19-point document on interethnic relations, which had been the main item on the agenda at the 25th CC plenum on July 30 and 31. Among its conclusions, the LCY CC stated that the most dangerous forms of nationalism were those existing "in ruling political circles" throughout the country, which the "LCY has failed to combat." In his address to the plenum, Celestin Sardelic, a member of Croatia's CC Presidium and a "guest speaker" at the LCY CC gathering, issued a sharp attack on Vojvodina's provincial party committee, saying that its criticism of a speech by fellow Croat Ivica Racan at the 25th LCY CC plenum had been a "dogmatic and Stalinist attack." He also accused Vojvodina of "supporting Serbian nationalists in Croatia." Stefan Korosec and Croatia's party President, Stanko Stojcevic, however, said that Sardelic's words were not appropriate to the occasion and that the matter should be placed on the agenda at a later date and, more important, that the matter first be discussed among members of the CC Presidium and then between the party leaderships of Croatia and Vojvodina. Stojcevic's response to Sardelic suggests that a rift may be developing within Croatia's party hierarchy.

3. Yugoslavia and the Nonaligned Movement's Conference*

Summary: *The ninth conference of the Nonaligned Movement will be held from September 4 to 7 in Belgrade. More than 100 countries will discuss topical international issues, and there are plans to reform the movement.*

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From September 4 to 7 the ninth conference of the Nonaligned Movement will be held in Belgrade. It is the third time that Yugoslavia will attend a nonaligned meeting without Josip Broz Tito and the second time that a nonaligned meeting has taken place in Belgrade. The Nonaligned Movement was founded in 1955, with Yugoslavia's help, at the Bandung Conference in Indonesia. Its first conference to be held in Yugoslavia, which was organized by Tito, Jawaharlal Nehru, Gamal Abdel Nasser, Kwame Nkhruma, and Sukarno, was held in Belgrade from 1 to 6 September 1961; 28 countries participated, 25 as full members and 3 as observers. There are now 102 full members of the movement (which constitute a majority in the United Nations), including the Palestine Liberation Organization (PLO) and the South-West African People's organization (SWAPO), and 10 countries or organizations with permanent observer status. This year Yugoslavia takes over again as Chairman of the Nonaligned Movement until 1992. The chairmanship will be headed by the country's State President, who at the moment is the 39-year-old Slovene Janez Drnovsek.

Background and Agenda. The forthcoming meeting is expected to be attended by about 2,800 participants from 172 delegations, including 53 heads of state, 11 Prime Ministers, and 44 Foreign Ministers; 60 nonmember nations and institutions will send observers, including Hungary and Poland. Some 1,800 Yugoslav and 1,000 foreign journalists have been accredited for the conference. The meeting will cost about half of what was spent on the previous conference in Harare.[1]

From September 1, meetings will be held among the Foreign Ministers of the member nations to discuss the final details of the 18-point agenda on political and economic issues. The priority will be economic and financial matters, including how to reduce the nonaligned nations' combined debts of $1,300 billion. Other topics will include environmental protection; human rights; the spread of dangerous contagious diseases, including AIDS; the problem of refugees; and scientific and technological development. The delegations from the 17 Latin American and Caribbean member nations are expected to plead for a worldwide policy on combating the illegal trade in drugs. There will also

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be discussion about whether to admit five new Latin American members into the movement. In addition, the conference is expected to discuss how the nonaligned nations might contribute to settling the crises in the Middle East and Central American.

Budimir Loncar, Yugoslavia's Federal Foreign Minister, has described the agenda for the conference as heralding "a new beginning in the work of the nonaligned movement" and as recognizing the "necessity to adopt the movement to the needs of the modern world."[2] It was announced in September 1988, by the conference of Foreign Ministers of nonaligned nations held in Nicosia, Cyprus, that the way the movement operated was to be reviewed; and there is certainly general agreement that there should be an attempt in the future to find "constructive solutions instead of only issuing appeals."[3] In some quarters, however, there is growing concern that the nonaligned movement, which has traditionally been divided by a diversity of interests and ideology, has long outlived its political effectiveness. This is certainly the conviction of a number of politicians, intellectuals, and journalists in Slovenia and Croatia.

Is Nonalignment Useful to Yugoslavia? Although Tito established Yugoslavia as a major actor in the international arena, his policy was in many respects out of keeping with Yugoslavia's economic and political standing as a country with both developed and impoverished regions. It is now questionable whether the country's international activities benefit it except as an exercise in public relations.

Tito pursued a policy of nonalignment largely as a remedy for the country's isolation after being expelled from the Cominform by Stalin in 1948. Out of economic necessity Tito turned to the West for help and received it, but he avoided the ideological and political consequences of falling into the Western sphere. By the late 1950s a policy of nonalignment had been adopted, and it was formally proclaimed in 1961. Tito's Yugoslavia was to play a key role in the Nonaligned Movement, though more in public diplomacy than in strictly economic terms.

These activities have led to Yugoslavia's close involvement in Third World affairs and have created a wide range of problems for it. Moreover, critics in Tito's lifetime had argued that Yugoslavia did not have the financial means to play the major international role that Tito sought for it. In spite of the enormous political prestige that Tito enjoyed both at home and abroad, the general feeling among his few outspoken critics during his lifetime, which was increasingly voiced after his death, was that the continuation of such a foreign policy would harm the country domestically and might result in new foreign policy problems. This, indeed, has turned out to be the case.

For example, in recent years there has been discussion among political and foreign affairs experts in Yugoslavia about

whether the Nonaligned Movement should be oriented more toward Europe or, as under Tito, toward the Third World; many people consider that sufficient attention has not been paid to Western Europe as it prepares for 1992. It has also been remarked that over the last 20 years Yugoslavia has lent massive amounts to Third World countries that have never been paid back. In general, it is often said, the Nonaligned Movement has achieved very little, if anything. Its towering founders, such as Nasser, Nehru, and Sukarno, are gone; many of its members are in dire economic straits; and in 28 years it has failed to develop into an influential organization. Critics now ask what benefits Yugoslavia can derive from such a relationship, located as the country is in Europe and with a large work force in Western Europe. The nonaligned countries are certainly in no political or economic position to help Yugoslavia out of its current problems. Furthermore, the superpowers have paid little notice to the heterogeneous and disunited nonaligned bloc; this means that Yugoslavia's reputation as the defender of the nonaligned world is of little real worth.

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1 *Vecernje Novosti* (Belgrade), 29 August 1989; *Danas* (Zagreb), 23 May 1989; *Borba* (Belgrade), 4 October 1989. According to press reports, the Yugoslav Federal Assembly earmarked $6,000,000-7,000,000 from the federal budget to help pay for the conference. An equivalent sum was donated by the wealthier member nations of the movement. In addition, in preparation for the meeting, buildings have been renovated, parks improved, streets repaved, and hotels and student dormitories remodeled; work has also been done at Belgrade's international airport at Surcin and the military airport at Batajnici.

2 *Borba*, 21 August 1989; Tanjug, 17 August 1989.

3 *Borba*, 10 September 1988; Tanjug, 17 August 1989.

4. East European Unemployment: the Yugoslav Example

Summary: *Unemployment is likely to rise in East European countries that adopt economic liberalism. The experience of Yugoslavia, the European communist country furthest down the road of economic reform, could offer lessons to other communist countries.*

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As the reforming countries of the East bloc introduce, however haltingly, market forces into their economies, they will have to work out the political, economic and ideological implications of rising unemployment. Only one East European country, Yugoslavia, has had any practice at dealing with this problem on a large scale. Its experience could offer lessons to its neighbors in the CMEA.

In the late 1950s and early 1960s Yugoslavia accelerated its program of political and economic decentralization. This departure from Stalinist central planning toward so-called self-management gave enterprises greater flexibility in determining the size of their work-forces. One consequence of this new policy was a shortage of jobs for a growing proportion of the population--particularly peasants who had been forced to leave the countryside in the late 1940s because of the official emphasis on industrialization. The shortage of employment led to a semi-legal trickle of emigrants from Yugoslavia. By 1957 the trickle was of sufficient size to merit official comment.[1] In 1960 the government started to formalize the process. A few years later the trickle of 1957 had become a torrent, and Yugoslav "guestworkers" became an increasingly visible presence in much of Western Europe.

Throughout the 1960s and early 1970s the Yugoslav authorities allowed the emigration to continue mostly because, economically, they had little choice. Tito's Yugoslavia, moreover, boasted proudly that it was a country of open borders. In some ways, the self-management system was economically more sensible and politically less repressive than a heavily centralized one but it was not capable of absorbing all the Yugoslav workforce. Even with the exodus of emigrants, unemployment remained at around 10% of the population. Without that escape valve, however, it would have been much higher.

Despite the necessity of allowing emigration, Yugoslav politicians criticized it from time to time. They said that people were often going abroad not merely to acquire jobs, but to acquire better jobs; that too many of the emigrants were those with special skills and therefore represented a loss for the Yugoslav economy that had paid for their education; and that these workers were open to the influence of emigre organizations that were hostile to communist Yugoslavia. None of these

objections was enough, however, halt the flood of emigrants. Even President Tito's occasional expressions of dissatisfaction did not lead to any serious effort to halt the process.

By the early 1970s, however, Tito's misgivings about emigration became linked with his growing unease over the intensifying nationalism in Yugoslavia, which itself was partly the result of liberalization and decentralization. The year-long party purge that Tito launched in December 1971 in order to defuse potential ethnic and regional conflict was aimed especially at Croatian, Slovenian, and Serbian nationalism but it was also a blow against political and economic liberalization. Though the number of workers going abroad continued to rise for the next two of years (the number of emigres in 1973 was over 1,000,000), criticism of emigration became more pointed. In December 1972, for example, Tito warned that too many of these emigrants were of military age and that "three entire armies" were outside Yugoslavia and were therefore not available for the Yugoslav armed forces.[2] High-ranking military figures repeated Tito's comments.[3] New regulations were being prepared toward the end of 1973 to limit the exodus, but the preparations were overtaken by events.

In October 1973 the Arab states launched their oil embargo, and shortly after OPEC quadrupled the price of oil. The rise of the price of oil caused an economic slowdown and a surge in unemployment in the West. That in turn persuaded many Western countries to introduce laws that restricted the inflow of new guestworkers. The regulations have remained in place ever since. The number of Yugoslavs working legally abroad has remained fairly constant since 1973, with new arrivals balanced by people returning to Yugoslavia. The number of illegal Yugoslav guestworkers has probably risen, but it is impossible to measure the numbers with any precision.

The obstacles encountered by Yugoslav emigrants in Western countries suggests that other East European countries will have difficulty exporting surplus workers to the West on a significant scale. Poland allows workers to go Western Europe, especially West Germany, but the numbers are still relatively small.

As pressure builds up on the governments of these countries to do something about the shortage of jobs, they may be tempted to open their borders to massive emigration, just as the Yugoslavs did when faced with a similar situation. Western countries would then face an awkward dilemma: to live up to their rhetorical invitations to East Europeans to come to the West that they have repeated for over 40 years or to reject the foreigners by closing their borders. Ethnic hostility and the opposition of unions and other workers to cheaper, competitive labor would make it very difficult for Western politicians to

argue for more immigration. In addition, large-scale legal immigration would strain the social welfare systems of Western economies.

One temporary solution to this problem would be for Western countries to accept a considerably larger number of illegal guestworkers. This, however, is unlikely to be a long-term solution, and the Yugoslav press became very concerned early in 1989 about the the possibility that West Germany would introduce stricter visa requirements for Yugoslav visitors.[4] Yugoslavs realize that such a measure would be aimed specifically at curtailing illegal immigration. Other Western governments would probably introduce such legislation if there was a huge migration of people from other East European countries, a situation that would become more likely if the more conservative governments decided to introduce economic reform.

Western countries have been largely hospitable to Yugoslavia's exports of labor over the past 30 years, but the intensity and extent of the hospitality has depended largely on the economic conditions prevailing in the West. It is possible that with Yugoslav, Turkish, and other guestworkers at their present levels, the West will balk at significantly greater immigration. Reforming East European countries may have to cope with the problems of unemployment independently.

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1 *Borba* (Belgrade), 28 August 1957.

2 *Borba*, 9 December 1972.

3 *Borba*, 6 February 1972.

4 For an example of this concern in the Yugoslav media, see *NIN* (Belgrade), 26 February 1989, pp. 22-24.

5 The Latest on Serbia's Public Loan Program.

Serbia's public loan program, which was set up ostensibly to promote economic reconstruction in Serbia, is falling well short of the $1 billion in hard currency and 2,000 billion dinars that it was intended to raise. On September 15 the Udruzena Beogradska Banka and Serbia's Socialist Alliance and Trade Union issued the latest statistics for the program.[1] It reported that paid subscriptions had been received between June 26 (when the program started) and September 5 totaling only $16,500,000 in hard currency and 155 billion dinars. (The current, official exchange rate is 32,000 dinars to the dollar.) An additional $16,500,000 and 424.3 billion dinars in subscriptions have been pledged but not paid yet; and another $331,200 and 16,400,000 dinars have been received in nonreturnable donations.

The response from Serbs abroad has fallen well short of the expectations of the program's architects; and long before the program was launched, many Serbs in Yugoslavia had spent what little savings they had on their vacations. The officials overseeing the project, however, claim that the overseas side of the program is only now beginning to take shape. They also claim that although domestic subscriptions were, indeed, slow on account of the July and August holiday period, subscriptions and payments should now pick up and start flowing in at a steady rate. Given the program's dismal showing so far, however, such optimism seems unwarranted. Critics had warned all along that the program was poorly planned and timed, but only now have officials in Serbia acknowledged any truth in the skeptics remarks.[2]

When formulating the public loan program, Serbia's Economic Reform Commission, which is headed by Serbia's State President Slobodan Milosevic, also failed to pay sufficient attention to the role that the agrarian sector would play in the scheme. Serbia's agrarian institutions lack the financial resources to fund projects or subscribe to the loan program; and the republican government does not have sufficient funds to finance reconstruction projects in agriculture.

The sale of bonds as part of this program has been Milosevic's first major attempt to implement what he claims to be economic reform in Serbia, and so far it is proving to be an unqualified failure. With subscriptions to the program ending on 20 December 1989, it seems unlikely that more than a tiny percentage of the targeted figures will be achieved.

The whole scheme struck many people from the outset as politically motivated, being an attempt at both political mobilization of the populace and at collecting money for politically important but economically dubious projects, such as antiquated heavy industrial plants. Moreover, many critics