

# Belgrade undercuts itself with IMF policies

by Irene Beaudry

Anyone tempted to believe the widely circulated line that the growing momentum in Ibero-America toward formation of a debtors' cartel is "communist-inspired," should take a look at the case of Marxist-ruled Yugoslavia. Despite that country's self-proclaimed status as a leader of the Non-Aligned movement and champion of the New World Economic Order, Yugoslavia is shamelessly prostrating itself to the demands of the International Monetary Fund.

The additional, particularly cruel irony of the situation is that while Yugoslavia's leaders foolishly think that a national mobilization around paying the debt will override ethnic frictions, there is already ample evidence that the scramble for crumbs in a shrinking economy will heat the country's mixture of competitive nationalities to the explosion point.

The Sept. 24 meeting of the ruling communist party's Central Committee was entirely devoted to hammering home the point that Yugoslavia's number-one commitment is to pay off its \$18 billion debt to the West. Mitja Ribicic, President of the League of Yugoslav Communists (LCY), stressed in his speech that "the most important task of all organizations of associated labor, citizens and society as a whole is to ensure regular payment of our foreign debts." Ribicic warned that measures so far taken to manage the crisis were not only ineffective but were rapidly "transforming our economic crisis into a political one."

## 'A test of our openness'

Considerable tightening, over and above the existing austerity measures, must be carried out, Ribicic said. "This is a test of our openness and ability to be involved in the international division of labor and of our economic and political independence and prestige."

France Popit, member of the Central Committee Presidium of the League of Communists of Slovenia and the LCY Central Committee, told the plenum, "Whoever has incurred a debt must also pay back that debt. This is an axiom. Neither the party nor the pluralistic interests can write off the debt. We should intensify the responsibility in this respect, and then the situation will also be different."

The day before the Central Committee plenum, Sinan Hasani, president of Kosovo, Yugoslavia's most backward

province, under a state of emergency since March 1981 because of ethnic unrest, vowed in an interview with the journal *Komunist* that "lists must be opened and we must identify those who are in debt. These debts must be paid. If necessary, people should be expelled from the League of Communists and penal measures taken."

Yugoslav news service, Tanjug, reported Oct. 4, that Vice-Premier Zvone Dragan, in an address to a European parliamentary delegation, "resolutely denied this evening the possibility of general rescheduling of Yugoslav foreign debts and emphasized that Yugoslavia's foreign trade solvency and repayment of debts are the priority task of all economic factors in the country."

## The crisis management plan

Under the economic stabilization program Yugoslavia has drastically cut back on its imports while attempting to boost exports. The problem, however, is that Yugoslavia is heavily dependent on the West for raw materials, machine parts, and so forth; import cuts have brought industry to a virtual halt. The plan also calls for a drastic slowdown in investment—adding to the already burgeoning unemployment problem, and raising the possibility that in compliance again to IMF demands Yugoslavia will for the third time this year raise its interest rates above its top rate of 16 percent. This option is already being openly discussed by Yugoslavia's leaders.

The government's latest austerity measures include gasoline rationing, a tax on foreign travel (many Yugoslavs cross the border into Italy and Austria to purchase food staples that are exorbitantly priced in Yugoslavia or unavailable) and a 20 percent devaluation of the dinar.

## Ethnic pressures

In May a temporary law was passed which required the pooling of hard currency earnings in a National Bank account to ensure prompt foreign debt repayments. The law was opposed by the richer provinces, Slovenia and Croatia, who argued that they should not have to subsidize the poorer republics and provinces. Under the harsher measures of the International Monetary Fund-dictated plan, ethnic squabbling will only be exacerbated.

Signs of popular discontent have been reported in a second Yugoslav province, Voivodina, among the ethnically Hungarian population. In the predominantly Muslim republic of Bosnia-Herzegovina, Muslim fundamentalism is reportedly on the rise, being fueled by Croatian emigré circles in the West with close ties to Khomeini's Iran. The republic of Macedonia, perennially the target of Bulgaria's territorial claims, may now in the context of economic disaster, respond to heightened Bulgarian propaganda. In Kosovo, where martial law is still in force, ethnically Albanian Kosovars are now calling not only for republican status but for an ethnically pure Kosovo and the forced emigration of Serbs and Montenegrans.