

CRS Report for Congress

Yugoslavia: Crisis in the Federation

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YUGOSLAVIA: CRISIS IN THE FEDERATION

SUMMARY

Over the past several years the political and economic situation in Yugoslavia has been marked by turmoil. Tito's vision was to create a Yugoslav national identity to transcend the national identities of the diverse ethnic groups instead led to a crisis situation in 1990. The deep historical tensions between the diverse national groups, compounded by sharp differences in political and economic direction among the republics, the weak central political structure, and the failure of the socialist market-style economy, all of which are greatly interrelated, have pitted the country's six republics and two autonomous regions against each other. Throughout much of the 1980s, republic and federal party leaders, who rose to power with Tito, were able to form a cadre of limited inter-republic cooperation and preserve the structure. By the late 1980s, however, most of these leaders had died or retired and were replaced by a new generation who advocated republic interests which heightened inter-republic suspicions and tensions.

At the core of the current political dispute are leaders in the southern republics who want to reverse earlier reforms and re-establish federal control, while leaders in Slovenia and Croatia are seeking to accelerate the decentralization toward a looser confederation of states. Each republic is pulling the country in a different direction; the only consensus is the desire for some form political and economic change. In 1990, changes are occurring which may dramatically reshape the political and economic structures and may threaten the unity of the country.

Yugoslavia's future will depend on several factors: the prospects for continued economic reforms and economic recovery, the upcoming elections in the southern republics and the extent to which those republics move in similar or different directions than Slovenia and Croatia, and what role, if any, the Yugoslav People's Army may play. It is uncertain how Yugoslavia will respond to these factors or what direction it will take in the future, whether it will resist changes and continue under its current structure, or if it will be able to generate a new national consensus, or if the federation will split apart.

Prior to the collapse of the Berlin Wall in October 1989, the U.S. policy debate on Yugoslavia centered on how to balance traditional U.S. strategic interests in Yugoslavia with its concern for human rights and democracy? Today the question is more complicated: how should the U.S. balance the secessionist moves of those republics seeking democracy and open economies with the traditional concerns for a stable and unified Yugoslavia?

The conflict among republics over questions of nationalism, economic and political reform has led to the most severe federal issues in Yugoslav history and threatens its unity. This report describes the Yugoslav federal structure left by Tito (Josip Broz) and assesses the current economic and nationalism problems. The report also assesses the prospects for the future of Yugoslavia and outlines the implications for U.S. policy toward Yugoslavia.

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YUGOSLAVIA IN SOUTHERN EUROPE



THE SOCIALIST FEDERAL REPUBLIC OF YUGOSLAVIA



YUGOSLAVIA: CRISIS IN THE FEDERATION

INTRODUCTION

Over the past several years the political and economic situation in Yugoslavia has been marked by turmoil. The deep historical tensions between the diverse national groups, compounded by sharp differences in political and economic direction among the republics, the weak central political structure, and the failure of the socialist market-style economy, all of which are greatly inter-related, have pitted the country's six republics and two autonomous regions against each other. In 1989, the situation in Yugoslavia grew worse as the economy sharply deteriorated and the political institutions became paralyzed over growing disputes among the republics, among the nationality groups, and among members of the Communist Party. In 1990, changes are occurring which may dramatically reshape the current political and economic structures and may threaten the unity of the country.

The League of Communists of Yugoslavia (LCY), which has controlled the federal and republic governments since World War II and has long been in the forefront of the reform movement in Eastern Europe, split in January 1990 over the course and pace of reform in the country. Conservative leaders in Serbia have sought to reverse earlier reforms and re-strengthen the federal government by centralizing control, thereby also rekindling fears in other republics of Serbian domination. Others, specifically in Slovenia and Croatia, have called for greater decentralization of the political and economic structures. The Communist Party has since renounced its constitutionally guaranteed monopoly on power in Yugoslavia.

In April 1990, multi-party elections in the northern republics of Slovenia and Croatia produced democratically elected non-communist controlled parliaments. These new non-communist republic governments are pressing to restructure the Yugoslav federation into a loose confederation. The four southern republics are still controlled by Communist regimes. However, three of those -- Macedonia, Bosnia-Herzegovina, and Montenegro -- have pledged to hold free multi-party elections before the end of the year. In the largest republic, Serbia, the Communist government controlled by hard-liner Slobodan Milosevic has thus far resisted pressure to call elections in 1990.

At the federal level, Prime Minister Ante Markovic is attempting to implement sweeping economic reforms. However, a conflict between Markovic's reforms and the goals of the republic leadership may challenge the course for both economic and political change at the federal level.

This report describes the Yugoslav federal structure left by Tito and assesses the country's current economic and ethnic problems. The report also assesses the prospects for the future of Yugoslavia and outlines the implications for U.S. policy.

YUGOSLAVIA: WHY IS IT IMPORTANT?

Yugoslavia's geo-political situation made it a country of vital interest to the United States during the Cold War. Although under a Communist regime, in 1948, Yugoslavia rejected Soviet influence and consistently maintained an independent foreign and domestic policy. Yugoslavia's large, well-trained army provided a solid buffer between the Warsaw Pact forces in Eastern Europe and NATO troops in Italy. An independent Yugoslavia also meant that NATO forces in Greece and Turkey were not walled off completely from the rest of NATO by Warsaw Pact forces and that the Warsaw Pact forces would not have access to several deep warm water ports on the Adriatic Sea.

The West praised Tito's split from Moscow and his independent socialist course which included economic liberalization and limited democratization (the earliest form of perestroika). Yugoslavia also gained international prestige for its leadership in the Third World Non-Aligned Movement (NAM) and the Independent Communist Movement. Under Tito's leadership, Yugoslavia's role and influence in world affairs was generally larger than the country's size or strength would have dictated.

With the fall of the Berlin Wall and the subsequent events in Eastern Europe, the strategic significance of Yugoslavia in East-West relations has diminished. The threat of a Soviet invasion or influence in Yugoslavia has declined. But Yugoslavia remains of interest to the United States and Europe because of its historical roots in the Balkan peninsula and Central Europe. Regional instability in the Balkan peninsula has been the source of tensions for centuries and provided the spark igniting World War I. Deep historical emotions still exist throughout the region, with hostilities between some of the national ethnic groups rivalling those of the Middle East and Northern Ireland in intensity. Given the current tensions and crises in Yugoslavia, and the lack of democratic tradition in the region, the potential exists for long-term regional instability throughout the Balkans.

The United States also has a modest economic interest in Yugoslavia. The United States has had normal trading relations with Yugoslavia since 1950 and extends Most Favored Nation (MFN) status and Generalized System of Preference (GSP) to Yugoslavia. Total trade between the United States and Yugoslavia averages about \$1 billion per year. The Export-Import Bank has also extended almost \$1 billion in export credits and guarantees to Yugoslavia.

Recent U.S. congressional interests in Yugoslavia have focused on human rights concerns. Since 1989, the violence in Kosovo¹ has sparked considerable interest and action from the U.S. Congress.

¹For a complete discussion of the Kosovo situation see "Yugoslavia's Kosovo Crisis: Ethnic Conflict Between Albanians and Serbs" CRS Report No. 89-603 by Steven J. Woehrel, November 2, 1989.

BACKGROUND

HISTORICAL OVERVIEW OF THE FEDERATION

Yugoslavia ("land of the South Slavs") emerged in 1918 following World War I as a unified, independent state entitled the Kingdom of Serbia, Croatia, and Slovenia. It encompasses the republics of Serbia, Croatia, Macedonia, Slovenia, Montenegro, and Bosnia-Herzegovina and the two autonomous provinces of Kosovo and Vojvodina.

Yugoslavia is the most ethnically and religiously diverse country in central and eastern Europe. It is comprised of five major nationalities - Serbian, Croatian, Slovenian, Montenegrin, and Macedonian -- and 17 other ethnic and national minorities, most of which still remain culturally and socially distinguishable. Reflecting this diversity, there are six republics, four languages, three religions, and two alphabets.

A sharp historical north-south distinction exists within Yugoslavia. Prior to 1918, Slovenia and Croatia were influenced by hundreds of years of Italian, Hungarian, and Austrian domination. Although the two territories had separate experiences, each developed into relatively prosperous quasi-industrial states with long periods of self-rule and both were heavily influenced by the Roman Catholic Church. The European influence, Latin alphabet, and religion left these two regions oriented toward Central and Western Europe. Serbia, Macedonia, Bosnia-Herzegovina, and Montenegro were dominated for over 500 years by the Ottoman Empire. Under the Turks, the societies remained agrarian-based and were governed by a feudal system. Although the Ottomans tolerated Christianity, many converted to Islam, especially in Bosnia-Herzegovina. The majority belonged to the Orthodox Christian sects. Serbs take great pride in their independence from the Ottoman Empire in 1878 and the subsequent period of the Kingdom of Serbia prior to World War I.

After the experiences of World War I, the differences between the South Slav groups were superseded by common desires for geo-political security and they united as the Kingdom of Serbia, Croatia, and Slovenia (changed to Yugoslavia in 1929). The differences in history, however, produced different philosophies and approaches to governing. Serbia has traditionally sought a strong centralized government, while Croatia and Slovenia have sought a

YUGOSLAVIA AT A GLANCE

Population:	23.5 million
Size:	99,000 sq. miles (about the size of Wyoming)
GNP:	\$54.5 billion
Per capita:	\$2,400
Foreign Debt:	\$19 billion
Exports:	\$10.4 billion (1986) USSR, FRG, U.S.

looser, more independent structure with greater autonomy. As a result, animosities among the ethnic groups have always been high.

The first two decades of Yugoslavia were characterized by strong Serbian domination. Croatia rejected the Serbian domination, and relations between the two republics were especially tense. By 1940, Croatia was exercising almost complete autonomy. With the Axis invasion in 1941, Yugoslav ethnic groups split and the country fell into a civil war. Throughout World War II, Yugoslavia was engaged in a struggle against the Axis powers and in a civil war. The Croatian Ustase and Kosovar fascists gathered the support of many Croats and Albanians who were angered at Serbian domination and aligned with the occupying Axis forces, adopting anti-Serb policies. Two resistance armies, the pro-royalist Chetniks under Serbian leadership and the communist Partisans, fought each other as fiercely as they fought the Axis powers.

TITO AND THE TITO-STALIN SPLIT

The communist Partisans led by Tito, a Croat, emerged from the civil war and World War II to control Yugoslavia. Similar to the other East European Communists, the Partisans won what were termed "rigged" elections in early 1946. The country renamed itself the Federal People's Republic of Yugoslavia and adopted a constitution similar to the 1936 Constitution of the USSR. To accommodate the country's diversity, the territories of five of the six federal republics were drawn along ethnic lines. Bosnia-Herzegovina was ethnically mixed, and the territories comprised of ethnic Albanians and Hungarians were established into autonomous districts, Kosovo and Vojvodina, within the Republic of Serbia. Tito drew the republics along ethnic lines in hopes to equalize and calm the nationalities, thereby creating a foundation from which to forge a new national Yugoslav identity to transcend the ethnic identities.

Early in 1947, Tito and Soviet leader Joseph Stalin disagreed over matters of Soviet control and influence in Yugoslavia. Unlike other East European Communist regimes following World War II, Tito had developed his own indigenous Communist Party, outside of Stalin's grip, and Yugoslavia was liberated, in large part, by its own forces rather than by the Soviet Red Army. These differences generated a considerable amount of autonomy for Tito, which he exercised in both his domestic and foreign policies. Stalin tried unsuccessfully to overthrow Tito with young pro-Moscow Yugoslav Communists. Tito resisted these attempts and effectively purged the pro-Moscow cadres.

In 1948, Stalin expelled Yugoslavia from the international Communist organization, the Cominform, which sealed Yugoslavia's independence from Moscow. Tito turned to the West and received economic support but rejected Western-style democracy and capitalism. In the mid-1950s, Tito became recognized for his leadership in the Non-Aligned Movement and Independent Communist Movement. Relations between Tito and the two superpowers

fluctuated throughout the Cold War, but Tito remained committed to his independent course.

PERIOD OF DECENTRALIZATION

Tito rejected the formation of Soviet-style Communism with its bureaucratic party structures overseeing every government organization. Yugoslavia's Communist Party became the League of Communists of Yugoslavia (LCY) and set the ideological guidelines for the government. The LCY rejected Stalinism and its heavy bureaucratization and state centralism. It decentralized the political and economic structures by increasing the involvement of the workers in a system of "workers self-management." This system stressed the autonomy of the local governing bodies, the communes, which the LCY believed was more consonant with Marxism. Nevertheless, cohesion and a degree of central control were ensured by Tito's personality, the Party, and the Army.

Between 1946 and 1966, three Yugoslav constitutions were promulgated, each furthering the course of decentralization. During that period, Yugoslavia sustained high levels of economic growth and rebuilt most of its infrastructure which had been wiped out by World War II. These economic improvements throughout the 1950s and mid-1960s fueled the continued decentralization of the economy and political structures.

At the same time, however, the decentralization and economic achievements led to a greater expression of republic interest. Disparities in incomes and levels of development widened and led to a lack of cooperation among the republics. The northern republics of Slovenia and Croatia continued to develop and had per capita income almost three times the national average, while the southern republics remained underdeveloped. To alleviate this disparity, the Yugoslav federal government established the Underdeveloped Republic Fund to transfer wealth from the north to the south. The northern republics continually supported further decentralization to remove power from the Serbian-dominated federal government which was transferring their wealth.² By the early 1970s, the divergent interests of the republics created a series of independent and somewhat isolated republic economies causing economic growth in all republics to stall.

Payments to the Underdeveloped Republic Fund coupled with the economic slowdown in the late 1960s ignited Croatian resentment towards the Serbs who dominated the federal government and the southern republics who they felt were wasting the funds. In 1971, Croatian animosity exploded into a full fledged nationalist uprising. The Croats began talking openly of the right to secede and revived calls for Croatian national sovereignty within

²Prout, Christopher. Market Socialism in Yugoslavia. Oxford Press, London, 1985, p. 3

Yugoslavia. The crisis subsided after a strong response from Tito, who purged the Croatian leadership from the LCY.

After the Croatian crisis, Tito, then in his late 70s, became concerned that the divergent interests of the republics would threaten the unity of the federation after his death unless autonomy and equality among the republics was ensured. He implemented large-scale changes in the federation in the 1974 constitution to ensure a balance among the republics. The constitution transformed the country into something reflecting more of a confederal than a federal system. Each republic was given considerable autonomy and had an equal position in the federal government. To reduce Serbia's influence, Tito also gave the autonomous provinces, Kosovo and Vojvodina, almost equal status to the republics.

Under this constitution, still in place today, the federal government maintains responsibility for national defense, foreign policy, and broad economic policy, but the republic governments carry the bulk of responsibilities for day-to-day governing. The central power is shared equally among representatives of all the republics and most key national legislation requires a consensus among all republic and provincial representatives at the federal level. The constitution also abolished Tito's position of President of the federation upon his death, and replaced it with a nine-member collective presidency, with representatives from each of the six republics and two autonomous republics rotating as President of the State Presidency on an annual basis.³ The federal presidency has limited powers; its major function is that of Commander-in-Chief of the Yugoslav People's Army.

The Prime Minister, with duties similar to that of a western-style premier, controls the day-to-day governing of the federal government. The priorities are established by the LCY, but the Prime Minister exercises considerable flexibility in his implementation of the LCY recommendations. The Federal Assembly is split into two chambers and has equal representation from each republic, as well as considerable representation from the autonomous provinces.

The structure of the Communist Party was also decentralized along republic lines prior to Tito's death. Each of the six republics and two autonomous provinces have their own Communist Party, each with its own hierarchy and, in the years since Tito's death, each with its own agenda. Like the Collective Presidency, the Communist Party Central Committee leadership also rotates on an annual basis.

³The ninth seat on the State Presidency is reserved for the president of the LCY Central Committee Presidium. The presidency of the LCY CC also rotates among representatives from each of the republics on an annual basis.

CURRENT ISSUES

The 1974 Constitution was established to preserve the status quo among the republics. However, since that time, the traditional unifying forces in Yugoslavia -- the strong dynamic individual leadership of Tito, the dominant political control of the LCY, and the threat of an external enemy -- have all eroded or disappeared completely. They have been replaced by a continued economic decline, a new generation of leaders riding on a resurgence of nationalism, and increasing divergence among the republics over the level of centralization or decentralization in the federation. Democracy has been established in the two northern republics of Croatia and Slovenia, while Communist regimes still control the southern republics. Any of these forces alone would place considerable stress on the country. All of them occurring simultaneously, with each exacerbating the others, are producing a burden which threatens the future of Yugoslavia.

ECONOMIC CRISIS

The national economic union envisioned by Tito has failed to materialize. The decentralized economic system he created to generate that union has instead sparked ethnic tensions and resulted in republican autarchies. Worker's self-management was intended to decentralize the government's control over the economy and allow direct participation by the workers to run their own enterprises. Instead, this system has produced a bureaucracy of local, provincial, and republic officials who often exercise authority over the enterprises at the expense of federal objectives.⁴

The emergence of eight tax systems, eight national banks, and eight income policies has impeded Yugoslavia's ability to develop and compete in international markets. During the 1970s, the country borrowed heavily to finance industrial growth. The worldwide recession in the early 1980s dramatically increased interest payments on that debt. The resulting debt burden and failed investment policies further fueled Yugoslavia's economic decline. Federal efforts to control the economic crises, such as strict monetary and credit policies, were ignored by the republics.

The workers became increasingly restless as the economy deteriorated and the political conflicts among the republics continued to aggravate economic conditions. Workers' confidence in the system was severely tested by a

⁴For a thorough discussion of the economic decentralization and its political implications see Christopher Prout, *Market Socialism in Yugoslavia*, Chapter 1.

number of large corruption scandals.⁵ In 1988, worker dissatisfaction led to over 1,700 strikes involving nearly 450,000 workers. Inflation ran over 100 percent and unemployment ranged from between 15 percent, according to government statistics, to 20 percent according to private sources.⁶ By the end of 1988, the political stalemate over the economic reforms resulted in an unparalleled, western parliamentary-style, vote of no confidence for Prime Minister Branku Mikulic by the Federal Assembly. Mikulic subsequently resigned in December 1988 and was replaced by the current Prime Minister, Ante Markovic, in March 1989.

Markovic introduced a sweeping market-oriented economic reform package in December 1989. The package called for constitutional changes which would restore control over broad macroeconomic policy to the federal government. The immediate target of the reforms was to end the hyperinflation which had risen to more than 2,000 percent by December 1989. Markovic launched a program similar to Poland's "shock therapy." He dramatically devalued the dinar and tied it to the West German mark for the first six months of 1990. He also introduced tight monetary and budgetary controls, a six-month wage freeze, and closure of unprofitable state enterprises.

Early indications show Yugoslavia's economy responding to the Markovic program. Inflation has fallen from an annual rate of more than 2,000 percent in December 1989 to zero in April 1990. In addition, Yugoslavia's foreign currency reserves have increased from \$5.8 billion to more than \$9.0 billion during the same time period.⁷ With sizable reserves, the dinar was relatively stable when the peg with the West German mark was lifted on June 30.

These positive signs for the Yugoslav economy have greatly added to Markovic's popularity. However, Markovic has not won parliamentary approval of the structural and constitutional changes many analysts believe are required to effect long-term improvements in the Yugoslav economy. In addition, the country is suffering from a severe decline in industrial productivity and living standards. Markovic introduced new reforms to target industrial productivity on June 30, 1990. These reforms are aimed at closing down unprofitable factories and are likely to generate an increase in unemployment which will affect Markovic's popular support.

⁵The most notorious of these scandals occurred in 1986, when several leaders of the Agrokomerc Company were caught writing almost \$1 billion of unsecured notes. These activities went unchecked by government officials and nearly toppled the country's banking industry.

⁶Andrejevich, Milan, *The Lingering Yugoslav Crisis*, Report on Eastern Europe, Radio Free Europe/Radio Liberty, Jan 7, 1990, p.35

⁷"Financial Times Survey -- Yugoslavia," *Financial Times*, 6 July 1990, p.III.

RISE IN NATIONALISM

The ethnic diversity and centuries-old rivalries among the national groups have always posed a potential threat to Yugoslavia's unity. Tito felt Communism was the only way to control the divergent nationalisms in Yugoslavia. However, Tito's Communism has not controlled the nationality problem. Instead, it has contributed to nationalism by creating a country with a series of ethnically and nationally-mixed republics; by fostering an economic crisis while failing to effectively deal with disparate incomes among the republics; and by implementing a weak political structure which has not satisfied the republics. In the last six months of 1989 and the first half of 1990, nationalism has spread throughout the federation. More than 30 people were killed in January and February 1990 in violence between Serbs and Albanians in Kosovo. Physical conflicts between Albanians and Macedonians, Serbs and Slovenians, and Serbs and Croats have also increased. Ethnic Albanian demonstrations led to violence in the Macedonian capitol, Skopje. On May 12, Serbian and Croatian fans broke through barriers and attacked each other on the playing field before a scheduled soccer match in Zagreb. One hundred people were hurt and more than 200 people arrested in the violence.

Although Tito drew the boundaries of each of the six republics and two autonomous regions along ethnic lines, the republics have never been coterminous with nationality. Currently 900,000 to 1 million Serbs live in Croatia, and there are significant Serbian populations in Montenegro and the two autonomous provinces. Large numbers of Albanians live in Macedonia. Different birth rates and levels of migration among the various nationality groups also are changing the ethnic make-up of the republics. Republics' actions on behalf of their national majorities often antagonize the minorities living within their borders, as well those in other republics. This has led to accusations of discrimination by minorities and has fueled a rise in national tensions.

The continued economic crisis and huge economic disparities between the republics has also fostered heightened nationalist attitudes. With the high rates of unemployment and inflation, national groups are competing for jobs and incomes. The northern republics have become increasingly resentful over the required payments to the Underdeveloped Republic Fund. The southern republics are demanding additional support and compensation for their natural resources which are being consumed by the northern republics' industries. The disparities still exist and under the current severe economic conditions, the competition for income has increased and tensions have mounted.

The rise in nationalist sentiment has also been exacerbated by the failure of Tito's Communist system to provide a political structure which satisfies all of the republics. The Serbs reject the Tito legacy, whereby Serbia, with over 40 percent of the population, has only de facto one-eighth of the political power. Serbs also resent Tito's belief that a weak Serbia equals a strong Yugoslavia. Croatia and Slovenia also resent the Tito legacy. Although they

were granted considerable autonomy, Croatia and Slovenia resent what they see as Serbian overrepresentation in federal institutions.

Serbian nationalism has risen considerably in the past three years and has sparked an anti-Serbian nationalist backlash in other regions. Under Serbian President Slobodan Milosevic, who rose to power in 1986, Serbia has sought to re-assert its influence in Yugoslavia. In 1988, Serbia amended its republic constitution giving it more centralized control over the autonomous provinces of Kosovo and Vojvodina. These actions, in effect, superseded the 1974 constitutional provisions creating autonomy for Kosovo and Vojvodina. Many believe Milosevic supported and even sponsored Serbian demonstrations in Vojvodina and Montenegro in 1987 and 1988. These demonstrations resulted in the overthrow of the governments in those two republics and their subsequent replacement by Milosevic "puppet" regimes.⁸

The current nationalist fervor in Yugoslavia began in the Serbian-Kosovo crisis of 1989.⁹ The Serbs look to Kosovo as "the cradle of medieval Serbian civilization" and claim they are seeking to protect their vested national interests and deep historical attachment. Since World War II, an estimated 400,000 Serbs and Montenegrins have migrated from Kosovo, dramatically changing the political and demographic character of the province. The current population of Kosovo is now about 90% Albanian.

The rise of Albanian nationalism may be attributable to changes in political authority and the severe economic conditions. The Albanians claim that since Tito's death they have lost much of their autonomy as defined by the 1974 Constitution. Per capita income is one-eighth that of Slovenia and unemployment is around 40 percent.

Albanians have become increasingly unified in their opposition to greater Serbian control. The Albanian Democratic Forum was established in early July 1990 and claims to have over 700,000 members. Albanian delegates to the Kosovo Assembly proclaimed in front of the locked Assembly building that Kosovo was an independent unit in Yugoslavia with equal status as a republic. The Serbian Assembly rejected the Albanian proclamation and responded by abolishing the Kosovo Assembly and government. The Serbian militia also took control of the media in Kosovo. The leader of the new Albanian Democratic Forum has called for calm, but tensions remain high.

Nationalist tensions between Serbia and Slovenia escalated in the late fall of 1989. In November 1989, a Serbian demonstration in the Slovenian capital

⁸Ibid, p. 407-408.

⁹For a complete discussion of the Kosovo situation see, U.S. Library of Congress, Congressional Research Service, "Yugoslavia's Kosovo Crisis: Ethnic Conflict Between Albanians and Serbs" CRS Report No. 89-603 by Steven J. Woehrel, November 2, 1989.

of Ljubljana was postponed after the Slovenian Minister of Interior issued a decree banning all public gatherings in the republic. Angered by the decrees, the Serbian Socialist Alliance called on the people of Serbia to boycott all Slovenian businesses and to sever all ties with Slovenia.

The April 1990 election of Croatian leader Franjo Tudjman and his centrist Croatian national party also appears to reflect resurgent nationalism and is heightening nationalist tensions. Tudjman, like Milosevic, has played on traditional nationalistic values to increase his political stature. Throughout the Croatian parliamentary campaign, Tudjman pronounced visions of a greater Croatia which would include territorial claims on neighboring Bosnia-Herzegovina. Tudjman has not rejected any Croatian territorial claims and has many angered Serbs living in Croatia and Bosnian citizens.

POLITICAL DISPUTES

The post-Tito federal structure was designed to ensure a balance between the republics and control the resurgent nationalism, the economic crises, and the growing policy divergence among the republics. While it has never fulfilled that role, throughout much of the 1980s, republic and federal party leaders who rose to power with Tito were able to form a cadre of limited inter-republic cooperation and preserve the structure. By the late 1980s, however, most of these leaders had died or retired. With the old guard out, "the new generation of leaders seemed more intent on building republic-centered political machines and warring with one another than in dealing effectively with the nation's problems."¹⁰

At the core of the political dispute has been that leaders in the southern republics want to reverse earlier reforms and re-establish federal control. Leaders in Slovenia and Croatia are seeking to accelerate the decentralization toward a looser confederation of states. These different attitudes have generated suspicion and tension among the republics' political leadership.

During the past year, many in Slovenia and Croatia feared that Serbian President Milosevic would garner support from conservatives and use hardline tactics to amend the federal constitution and abolish the collective Presidency allowing himself to hold the office of a stronger Yugoslav presidency. The Slovenian and Croatian fears were heightened by Milosevic's actions against Kosovo which they felt were "merely a foretaste of his intentions toward the

¹⁰Seroka, Jim, "Yugoslavia" in Yearbook on International Communist Affairs 1989, edited by Richard Staar, Hoover Institution Press, Stanford, California, 1989, p. 403.

other republics; hence they gave moral support to the Albanians by demanding more respect for human rights."¹¹

The political conflict between Serbia and Slovenia peaked at the 14th LCY Party Congress in January 1990. Prior to the Congress, a working group of the Party leadership adopted a platform to renounce the LCY monopoly on political power in Yugoslavia. At the Congress, however, hard-line delegates led by Serbian President Milosevic blocked the adoption of the platform. Milosevic also led opposition to Slovenian efforts to reform the LCY. After the defeat of several proposed reforms, the Slovenian delegates walked out of the Congress and shortly thereafter voted to split from the LCY. The Croatian delegation joined the Slovenian delegates in walking out and the Congress collapsed. Throughout the country, the media reported that the LCY was dead.¹²

In April, 1990 the course and pace of political direction among the republics continued to diverge. In Slovenia and Croatia, non-Communist coalitions won control of the republic parliaments in the first free multi-party elections in more than 40 years. The governments of Macedonia, Montenegro, and Bosnia-Herzegovina also in April agreed to multi-party elections before the end of 1990. Serbia has thus far resisted pressure to call for multi-party elections.

The LCY reconvened its 14th Party Congress in May 1990 without the delegations from Croatia, Macedonia, and Slovenia and met for only three hours. Sensing the dramatic political changes occurring throughout Eastern Europe and within Yugoslavia, especially in Slovenia and Croatia, the LCY accepted the platform proposed at the January Congress and formally renounced its constitutional guarantee on power. The LCY also predicted multi-party elections before the end of 1990 for each republic and agreed to hold a party "renewal" congress in the fall of 1990 to redefine its role in Yugoslavia.

Shortly after the Slovenian and Croatian elections, the presidents of each of the republics met with the State Presidency. The presidents of Slovenia and Croatia announced that the only acceptable future political structure in Yugoslavia would be a loose confederation. Serbian and Montenegrin officials responded by calling for a strong central federation. Macedonia, also encountering a resurgence in nationalism, has lent tacit support to Slovenia and Croatia. Bosnia, the most ethnically diverse republic, is still struggling to define its future.

¹¹Andrejevich, Milan, "Worsening Relations Between Serbia and Slovenia," in Radio Free Europe Report on Eastern Europe, Vol.1, No. 3, 19 January 1990, p. 21.

¹²Borba News, 25 January 1990 in FBIS-EEU-90-019, 29 January 1990, p. 93.

In June, the new governments of Slovenia and Croatia opened their sessions of parliament and began acting on their demands. They both announced intentions to implement dramatic and sweeping market-oriented economic reforms. The Slovenian parliament immediately acted to freeze all payments to the Underdeveloped Republic Fund.¹³ The new Prime Minister also announced that Slovenia would begin sending delegations to western countries and receiving foreign diplomats.¹⁴

On July 2, the Slovenian Assembly passed a declaration of sovereignty and voted to secede unless Yugoslavia moved to a loose confederation. Under this declaration, Slovenia demands that its laws supercede the laws of the federation and that it control its own defense forces. The State Presidency immediately ordered the Slovenian Assembly to rescind this declaration, but the Slovenians have refused.

Serbia has thus far resisted pressure for multi-party elections. Serbian officials claim that only after a new republic constitution is adopted will conditions be set for multi-party elections. This position sparked heated opposition from ethnic Albanians in Kosovo who fear that a new constitution will establish greater Serbian controls over Kosovo and limit the representation of Albanians in the Serbian Assembly.

The decision to implement a new constitution also sparked opposition from the democratic movement in Serbia. In early June 1990, 30,000 to 40,000 demonstrators from dozens of opposition groups protested in the streets of Belgrade and demanded that multi-party elections be held before a new constitution is promulgated. The demonstrators called for an immediate dialogue between the Communist officials and opposition leaders to adopt new laws on political parties, on control of the media, and on election and campaign procedures. These demonstrations marked the first time that opposition groups united in their efforts. The government responded to the increasing pressure by calling for a republic referendum on July 2 on whether to implement a new constitution prior to multi-party elections. The referendum was announced only six days before it was held, giving the opposition little time to campaign. The results were 90 percent in favor of adopting a new constitution before multi-party elections.

Caught somewhere in the middle of the conflict among the republics is Prime Minister Markovic. Markovic proposed the establishment of a new national-based political party in May 1990. The new party would reflect the current policies of the Prime Minister and the Federal Executive Council. But

¹³Tanjug News Service, 31 May 1990 in FBIS-EEU-90-108, 5 June 1990, p. 84.

¹⁴Borba News, 1 June 1990 in FBIS-EEU-90-112, 11 June 1990, p. 95.

like his new economic reforms, he is likely to encounter opposition from all sides of the republican conflict. He advocates greater political pluralism and a market economy which is antagonizing the Serbs and other conservative republican leaders. Markovic also supports political reforms which would strengthen the federal government and increase its efficiency as a national institution. These efforts are opposed by Slovenia and Croatia who oppose any strong federal institution.

YUGOSLAVIA'S FUTURE

In 1990, changes are occurring which may dramatically reshape the political and economic structures and may even threaten the unity of the country. Each republic is pulling the country in a different direction -- decentralization, recentralization, market-economy, revitalization of workers self-management -- the only consensus is the desire for some form political and economic change. A number of factors are likely to influence Yugoslavia's future: the prospects for continued economic reforms and economic recovery, the upcoming elections in the southern republics and the extent to which those republics move in similar or different directions than Slovenia and Croatia, and what role, if any, the Yugoslav People's Army may play. It is uncertain how the country will respond to these changes and what course it will take in the future, whether it will resist changes and continue under its current structure, or if it will be able to generate a new national consensus, or if the federation will split apart.

PROSPECTS FOR ECONOMIC RECOVERY

Prime Minister Markovic's ability to implement reforms and turn around the economy is a key element in future developments. His initial program in December 1989 had broad political support and has resulted in improvements in the economy. In April 1990, inflation was brought down to zero from a level above 2,000 percent in December 1989. However, unemployment still runs at roughly 15 percent country-wide (40 percent in Kosovo) and industrial productivity has continued to decline. On June 30, Markovic implemented a series of new reforms to increase productivity; these reforms are likely to create hardships for certain elements of the population and will likely reduce that broad support. The republics are still economic autarchies, and an open market system can not be introduced effectively without completely opening the republics' economies to each other. Markovic has advocated a new federal tax structure and greater federal control over budgetary and monetary policies which will likely be rejected by the new Slovenian and Croatian governments. These major structural changes in political and economic institutions will be more difficult to implement than short-term reforms.

The republics have begun to challenge Markovic's attempts to implement major reforms. The southern republics consider Markovic to be breaking up their political monopoly and threatening their positions. In Serbia over the past six months, Serbian President Milosevic's popularity has dropped while Markovic's has increased. The new governments in Croatia and Slovenia see Markovic as an obstacle to confederation since he is seeking structural changes to establish a stronger federal government.

While many structural deficiencies exist and opposition is strong, there are positive signs for Markovic and the Yugoslav economy. The socialist-market economy is structurally closer to a market economy than the "non-market" economies of most other East European countries. More than 70

percent of the housing and 85 percent of the agricultural land are already privately owned.¹⁶ Small private enterprises are growing in manufacturing and service sectors in Croatia, Slovenia, and Macedonia.

In addition, the reforms implemented in December were endorsed by the international financial community, including the International Monetary Fund, the World Bank, the European Community, and the United States. The support of these countries and institutions will certainly improve Markovic's standing among Yugoslavs who favor a market economy, including those in Croatia and Slovenia. International support is also a prerequisite for any ambitions Yugoslavia may have of entering the European Community.

1990 ELECTIONS

The elections in Croatia and Slovenia and the end of the LCY's monopoly on power have set the country on a course toward political pluralism and democracy. Three of Yugoslavia's four other republics have announced intentions to hold free multi-party elections to their republican parliaments by the end of 1990. Prime Minister Ante Markovic has also called for federal elections by the end of the year.

In Bosnia-Herzegovina, Macedonia, and Montenegro, dozens of political parties have recently emerged. The governments in each of these republics have met with opposition leaders and are beginning to address the procedures for multi-party elections. Over the next several months each of these republics is expected to pass new election laws and establish campaign procedures. Many of the parties in Slovenia and Croatia had been in existence for over two years and many had developed recognizable positions and platforms. The new parties in the other republic will enter the elections this fall, in most cases, with less than one year's existence and limited exposure to the voting public.

Serbia has thus far resisted pressure to call elections. The recently passed referendum enables the current government to establish a new constitution before elections. It is likely that this new constitution will restrict the representation of ethnic Albanians from Kosovo and Hungarians from Vojvodina in the Serbian Assembly. Opposition at this time is largely fragmented and not well developed, however, the opposition groups were able to overcome their differences in the early June demonstrations in Belgrade. It remains to be seen how these groups will respond after the recent defeat on the referendum, whether the short notice of the referendum will accelerate their momentum or slow it.

¹⁶State Department Country Report on Human Rights Practices for 1988, p. 1253.

While Yugoslavia is now beginning to hold multiparty elections, it does not have a democratic tradition. Of the dozens of emerging political parties in each of the republics, many are developing into nationalist parties. Many of these new parties are laying claims to "historical national territories" in neighboring republics, heightening nationalist tensions. Like its neighbors to the north and east, Yugoslavia's move toward political pluralism has seen the emergence of roundtable discussions between government officials and opposition leaders and the formation of broad coalition among the opposition groups to increase their influence. Thus far, even the coalitions are forming along nationalist lines, such as those currently governing in Croatia and Slovenia. It is unclear what the electorate reaction to the new political parties will be in the southern republics, whether they will perceive all non-Communist parties as fostering nationalism and a detriment to Yugoslavia, or as a positive alternative to the ruined policies of the LCY.

ROLE OF THE YUGOSLAV PEOPLE'S ARMY

With the dramatic changes unfolding in Yugoslavia in the past year, many question what role, if any, the Yugoslav People's Army may play. The Yugoslav People's Army (YPA) has been a cohesive force in Yugoslav politics since World War II. The YPA has opposed democratic reforms and the multiparty structure because it fears political parties will emerge along ethnic lines and exacerbate tensions. Shortly after the election of the non-Communist coalition in Slovenia, the Army's official spokesman stated that the YPA would not tolerate the break-up of the country.¹⁶

The Yugoslav Army could intervene in the domestic political situation. Constitutionally, the YPA is accountable to the State Presidency on military matters and to the Federal Assembly and Prime Minister on administrative matters. President Borisav Jovic claimed that the country was on the verge of civil war and pledged in his inaugural address on May 15, 1990 that he would use whatever force necessary to preserve the unity of the country. However, others within the State Presidency have disavowed the use of force as a viable policy option.¹⁷

Over 65% of the Army's officer corps is Serbian and committed to preserving the integrity of Yugoslavia. The Army was deployed in 1989 and again in 1990 in Kosovo Province to quell the demonstrations and violence.

¹⁶Tanjug News Service, 16 May 1990 in FBIS-EEU-90-096, 17 May 1990, p. 58.

¹⁷The Bosnian representative to the State Presidency, Bogic Bogicevic, said that the leadership is currently too preoccupied with reform to consider the use of force. The State Presidency decisions to use the military would require a majority of opinion within the nine-member body. Tanjug News Service, 1 June 1990 in FBIS-EEU-90-108, 5 June 1990, p. 77

The Army has also tried to stem the democratic movements in Slovenia. In 1988, the Army arrested three civilian newspaper editors on charges of "possession of military secrets." In April 1990, shortly after the first round of Slovenian elections, the Army filed charges against the non-communist coalition Presidential candidate for "violations against the state." And in May, the YPA began confiscating weapons from the Slovenian Territorial Defense Forces.¹⁸

It remains to be seen if the Army will use tactics similar to those it employed in Slovenia or how the Army will respond to the outcome of the upcoming elections. If elections in the fall of 1990 produce democratically elected non-Communist republican governments, the Army will undoubtedly have to dramatically redefine its structure and its role in society. The elections may, however, produce a result where one or more of the republics remain committed to socialism and reject western-style democracy and market economies. Republics holding vastly different philosophical approaches could increase the calls for secession and severely test the unity of the country, which could increase the potential for a YPA intervention.

Although the YPA was used in limited roles in Kosovo and attempted to intimidate the democratic reform process in Slovenia, many analysts discount the idea of a military coup d'etat or the widespread militarization of the political system. Almost one third of the Army's troops are Croatian or Slovenian. Over 65 percent of the Army's troops are conscripts and compulsory military service in Yugoslavia is one of the shortest in the world: only one year of duty. The YPA would also be constrained from pursuing interventionist policies by the decentralized authority. Any move by the YPA would likely require a broad recentralization of power and a strong political force to manage it, both of which would likely be opposed by the republics favoring decentralized authority.

SCENARIOS FOR THE FUTURE

The factors listed above will influence the likelihood of possible scenarios for the future. The country may continue to function in its current state of managed tensions. The country may be able to form a post-Communist national consensus if the economic and constitutional reforms are successful. Or the country may ignite any one of a number of potential sparks and split apart or slip into a civil war.

Continued Managed Tensions

If Yugoslavia is able to avoid violent conflict leading to its splitting apart, the country may continue to move along a course of managed tensions. This

¹⁸DELO News, 23 May 1990 in FBIS-EEU-90-104, 30 May 1990, p. 73.

scenario includes the maintenance of a unified, but weak, federal structure and unresolved conflict among the republics.

Since the disappearance of the traditional unifying forces, a number of other forces have emerged which seem to be holding the country together under its current weak federal structure. First, the ethnic mix within some of the Yugoslav republics creates a deterrent against secession. Any secession or major shift in the Yugoslav federation could cause a major re-drawing of boundaries increasing the chances of a civil war. With 2.5 million Serbs living outside the current Serbian borders, any changes to the current Yugoslav borders will lead to greater territorial claims by the Serbs and against them.

Second, most Yugoslavs recognize that each republic could not independently maintain the world prestige that the republics enjoy collectively as Yugoslavia. The Yugoslav economy has a high economic dependency on foreign trade and investment. A unified Yugoslavia with its international prestige enhances foreign investment and trade, and the prospects for economic development. A series of smaller states in conflict likely would not be seen as prospective areas for investments.

Finally, although Yugoslavia's bureaucratic structure has been significantly flawed in its ability to efficiently govern the country, it has proven durable. Bureaucracies throughout the country and the individuals who control these bureaucracies are likely to reject changes which might threaten their institutional and individual positions.

While the forces which increase the prospects for continued unity of Yugoslavia exist, the country does not have a strong political force to guide it out of its current political and economic woes. The LCY, the only political force in the country for the past forty years, has lost its legitimacy to govern. Only a small number of the new political parties now emerging have been established along lines of pan-Yugoslav issues; instead, most parties exist only on a republic basis. The strong dynamic individual leaders in the republics, Tudjman in Croatia, Milosevic in Serbia, and Milos Kucan in Slovenia have each emerged advocating republic interests. Only Prime Minister Markovic is at present a national figure, but his powers are limited by the republican leaders. Even if a few of these leaders unite, unless significant events dramatically alter the current course, a continued political stalemate is likely.

New National Consensus (Post Communism)

The country may be able to alleviate some of the deep-seated nationalism, political disputes, and calls for secession by developing a new national consensus. Such a scenario has two possible outcomes: the emergence of a broad federally based political entity, possibly the one envisioned by Prime Minister Markovic, or a new national consensus for a looser confederation.

Prime Minister Markovic has proposed that his new national-based political party reflect the current policies of the Federal Executive Council.

Although such a pan-Yugoslav party does not have broad based appeal at this time, many people have joined in denouncing former Yugoslav leader Tito, as well as Serbian leader Milosevic and Croatian leader Tudjman, for stirring up nationalism. Although this movement is weak at the present time, several factions of the Socialist Alliance of Working People of Yugoslavia,¹⁹ and several trade unions have endorsed Markovic's proposed party.

In addition to support for a pan-Yugoslav political party from parts of the Socialist Alliance, there is potential for support from the Republic of Bosnia-Herzegovina. Bosnia, the most ethnically diverse republic, has fared well in quelling nationalist disputes. In a recent public opinion poll in Bosnia, most felt that the republic's future lay in a Yugoslav federation rather than a loose confederal system. Most also felt that Markovic generally reflected their views and desired course for the country.²⁰ These expressions are especially significant for Markovic because they come at a time when Bosnia is experiencing "real chaos" with over 300,000 Bosnians unemployed.²¹

The country is undergoing a massive constitutional re-evaluation at the federal level. Several models are being considered for the future of the Yugoslav federation, including the creation of a bicameral house in which one house is proportionally represented and the other provides equal representation, similar to the U.S. federal structure. Other models the country may look to are the Swiss and Benelux models, under which diverse nationalities and ethnic groups have successfully come together under one federal structure. It is unclear whether these could be implemented to satisfy each of the republics, many of which are currently working independently on rewriting their own republic constitutions.

If an alternative federal structure can not be found, and the country avoids the escalation of tensions and violent conflict, they may find the only prospect for the unity of Yugoslavia is the formation of a loose confederal system as demanded by the July 1990 Slovenian sovereignty declaration. Under a confederation, each republic would likely have complete economic and political autonomy with its own defense forces, its own currency, and its own foreign diplomatic corps. Within the confederation economic and political cooperation would be encouraged. If Serbia and Montenegro refuse to alter their current philosophies, a confederated system could "split the difference"

¹⁹The Socialist Alliances of Working People of Yugoslavia has been until May 1990 a shadow social organization for the LCY. It had been responsible for selecting candidates and delegates for all elections throughout Yugoslavia. It formally renounced its ties to the LCY in May 1990.

²⁰Tanjug News Service, 22 May 1990 in FBIS-EEU-90-108, 5 June 1990, p.85.

²¹Tanjug News Service, 26 May 1990, in FBIS-EEU-90-107, 4 June 1990, p. 73.

with the republics of Slovenia and Croatia who are already moving toward western-style democracy and free market economies.

Breakup of the Federation

One of the leading questions in Yugoslavia today is whether or not the federation will break up. This scenario includes secession of one or several of the republics from Yugoslavia or violent conflict leading to civil war. The potential for this scenario does exist during this period of transition from Communist control occurring in Slovenia and Croatia. As this course transpires slowly over the next several months, the potential exists for many officials and institutions to reject the reform efforts and to attempt to reverse the course; this could lead to a split or violent conflict within the federation.

Slovenia has recently threatened to secede from Yugoslavia if its demands for a looser confederation are not met. Traditionally, the republic has exerted the most independence and autonomy within the Yugoslav federation. It is unclear whether Slovenia is committed to leaving the republic or if this is political posturing. The Slovenian government has stated that it would prefer to remain in Yugoslavia under a confederation. The Slovenian Assembly sovereignty declaration is pressuring the rest of the country to decide a course for the future -- it is uncertain what that response will be.

While both the Slovenian and Croatian separatist and nationalist movements pose a threat to the unity of Yugoslavia, the situation in Croatia may be more likely to lead to violence. Over ten percent of the population in Croatia is Serbian. Serbia has repeatedly stated that it would not allow an independent Croatia with a Serbian population. Such a situation could spark hostilities between Serbs and Croats. Thus, any move toward secession by Croatia carries the danger of violent conflict with Serbia.

Croatia and Slovenia are pressing for increased sovereignty, but they have both expressed their desire to preserve the unity of Yugoslavia and engage in negotiations to direct the future course. This has not been the case, however, between Serbs and Albanians in the Kosovo crisis, making it the most volatile situation in Yugoslavia. To date, the Albanian and Serbs have not entered into a dialogue to discuss or negotiate demands. The Serbs have rejected all demands for autonomy and calls for direct negotiations from the ethnic Albanians. The new ethnic Albanian Democratic Forum organization may significantly alter the complexion of the Kosovo dispute because, for the first time, the Albanians may be united as a single political force. A unified political organization may be able to exert pressure directly on the Serbian government and also may garner international support to apply pressure on the Serbs.

The political and economic situation in Yugoslavia remains quite uncertain. Any or all of the republics may at some point seek to leave or restructure the federation. Popular demands require a delicate balance in political posturing. Thus far, many of the groups remain committed to the

preservation of Yugoslavia. The likelihood is greater in Kosovo than any other region for the delicate balance to be upset and create broad instability in the country.

U.S.- YUGOSLAV RELATIONS

Prior to the collapse of the Berlin Wall in October 1989, the U.S. policy debate on Yugoslavia centered on how to balance traditional U.S. strategic interests in Yugoslavia with its concern for human rights and democracy.²² Today the question is more complicated: how should the U.S. balance the secessionist moves of those republics seeking democracy and open economies with the traditional concerns for a stable and unified Yugoslavia?

Current U.S.-Yugoslav relations reflect the strains of the Yugoslav domestic situation. In a recent statement, U.S. Ambassador to Belgrade, Warren Zimmerman stated that "We hope that none of Yugoslavia's constituent parts will seriously consider secession, just as we hope that force will not be resorted to in order to preserve the unity."²³ The remarks generated a heated response from the new Croatian and Slovenian governments who labeled them as blatant U.S. interference. The Serbian leadership has been angered over congressional resolutions denouncing the Serbian policy in Kosovo. The Serbian Assembly sent a letter to the U.S. Congress to protest a recent visit of Members of Congress and U.S. diplomats to Kosovo. The letter claimed that the trip violated the sovereignty of the Yugoslav state and "represented crude interference in its internal affairs."²⁴

CURRENT U.S. POLICIES AND CONGRESSIONAL CONCERNS

In the past several years, congressional interest in Yugoslavia has been primarily targeted at human rights violations. The annual State Department Report on Human Rights Practices for the past two years has given high marks to the two northern republics. In both Croatia and Slovenia the media is generally free and open, and the government has generally allowed public demonstrations and freedom of expression.²⁵ The recent elections in Croatia and Slovenia were also reported to be generally free and fair according to the Helsinki Commission delegation report.²⁶

²²See Steve Woehrel, "Yugoslavia's Kosovo Crisis: Ethnic Conflict Between Albanians and Serbs." CRS Report No. 89-603.

²³BORBA News, 30 May 1990 in FBIS-EEU-90-106, 1 June 1990, p. 56.

²⁴Tanjug News Service, 8 June 1990 in FBIS-EEU-90-112, 11 June 1990, p. 102.

²⁵State Department, Country Reports on Human Rights Practices for 1989, p. 1304-1319.

²⁶"Report on Elections in Slovenia and Croatia" prepared by the Commission on Security and Cooperation in Europe, 1990.

The human rights records of the southern republics, however, have been less than praiseworthy, according to the same State Department reports. In the past year, more than 50 ethnic Albanians have been killed in fighting between police and protesters in Kosovo. In addition, the Serbian government has detained over 130 political prisoners during the same time period. In April the Serbian government did release more than 100 political prisoners who had been detained, and requested the State Presidency to lift the state of emergency in Kosovo. The Serbian leadership also requested the State Presidency to acquit former Kosovo leader and ethnic Albanian, Vllasi, who was arrested in the fall of 1989 and charged with violations against the state.

IMPLICATIONS FOR U.S. POLICY

Yugoslavia's future and U.S. policy toward the troubled country remain uncertain. Some analysts argue that democracy in Yugoslavia can only be implemented and effective with political stability. In turn that political stability depends on success of the economic reforms and prosperity of each of the republics. They believe economic solvency can be greatly assisted by U.S. economic assistance, and can promote stability not just in Yugoslavia but throughout the Balkan countries. Others contend however, that Balkan history suggests that perhaps a smooth transition or national consensus just may not occur. The Balkan peninsula has a deep history of ethnic and national tensions.

U.S. policy faces a dilemma similar to U.S. policy toward some of the Soviet republics. If the northern republics embrace western democratic values and are secessionist because their aspirations cannot be met in Yugoslavia, should the United States then align with the forces for cohesion and unity even though those forces may be anti-democratic? Likewise, if the federal government is able to continue its economic improvements, should the United States tie economic assistance packages to the human rights practices of Serbia in Kosovo, which may be beyond the control of the Yugoslav federal government?