

# Yugoslavia looks to Ibero-America on debt

by Edith Vitali

At the end of March, Yugoslavia signed a package with the International Monetary Fund (IMF) which imposed new austerity on the country. There is, however, a limit to belt-tightening in this multi-ethnic country, where economic disturbances can easily upset the precarious political balance between the six republics constituting the Yugoslav federation. Action on the debt issue in Ibero-America, exemplified by the decisions of the Cartagena summit, has clearly remoralized those inside the Yugoslav leadership who are looking for a way out.

Janko Smole of Slovenia, the northern, most prosperous republic, was formerly Yugoslavia's chief negotiator with the IMF. He was replaced in January when he opposed any further concessions to the Fund. Now, he has resurfaced as the mastermind behind a new approach Belgrade recently proposed to its Western creditors.

The Yugoslavs calculated that with the current annual rescheduling process, their foreign debt of \$21 billion will be blown up to \$39 billion by the end of 1990. With all the so-called organizational costs for refinancing taken together, each \$1 billion they don't pay on time is transformed into \$1.8 billion, i.e., it nearly doubles. Therefore, Yugoslavia is now asking for a single rescheduling package which would permit debt repayment to be stretched out over a 20-30 year period.

The Yugoslav press is full of articles about Ibero-America and the debate over whether to form a "debtors' cartel." This was not the case even in 1983, when Belgrade still hoped to get a better deal within the terms of the IMF's case-by-case approach. Following the June 21-22 Cartagena meeting, the Belgrade government held a press conference to announce its support for the decisions taken there. "If you read these articles, it becomes obvious that they hope something will happen at the Latin American debtors front which would make it easier for them," a noted expert on Yugoslavia said.

It is noteworthy that this anti-IMF campaign is headed by a Slovenian. With 8% of the Yugoslav population, Slovenia produces 16% of the GNP and 25% of Yugoslavia's exports to the West. It also has to bear a larger share than the other republics in repaying the foreign debt. Of Yugoslav export earnings, 20% goes for interest payments alone; no money is

left for even vital investments. Sixty percent of Slovenia's industrial equipment is obsolete and needs to be replaced. In the last three years, the living standard in Yugoslavia on the average fell by 30%. But Slovenians traditionally have been loyal citizens of Yugoslavia, as a result of their historical struggle against domination by the Hapsburg empire. Politicians like Janko Smole, who held several cabinet posts in the past, see their role as that of changing policy in Belgrade for the benefit of the country as a whole.

Tensions between the different nationalities have been aggravated in other parts of the country because of the deepening economic crisis and the interference of some neighboring countries. The authorities have responded by stepping up police repression. This partly reflects the bad advice of people who would like to see the country disintegrate and fall back into the Soviet orbit.

On April 20 in Belgrade, 28 people were arrested during a private lecture by Milovan Djilas on nationalist problems. Radmoir Radovich, who was an organizer for independent trade unions on the Polish Solidarnosc model, disappeared after his third interrogation and was found dead outside Belgrade shortly thereafter, supposedly having poisoned himself. Nothing like this has occurred in Yugoslavia for years.

On July 9 in Sarajevo, sociology professor Vojislav Seseli was condemned to eight years in prison, because he had called for changing the structure of the Yugoslav federation. Seseli, a spokesman for "Greater Serbian" aspirations, suggested dividing the Republic of Bosnia-Herzegovina between Serbia and Croatia, and giving Montenegro to Serbia exclusively—making four instead of six republics. Such Greater Serbian aspirations are partly a response to the activities of Albanian separatists in the trouble-spot Kosovo. The Albanian "irredentists" claim that this Serbian province lawfully belongs to neighboring Albania because the majority of the population are Albanian nationals. On June 19, ten people, including local TV reporters, were sentenced to up to 12 years in jail in the regional capital, Pristina. Another trial of 20 others opened on the same day.

The Yugoslav press agency Tanjug reported that more trials against Albanian groups will follow. Tensions have mounted because, in 1984, a Serb was elected party president of Kosovo for a one-year term. The "hardline" Communist Party of Croatia has put out a neo-Stalinist document called *The Flowers of Evil*. It states that two thirds of all "dissidents" are Serbs, which waves a red flag in front of Belgrade intellectuals.

Moscow promotes ethnic tensions in Yugoslavia because the Kremlin expects the traditionally pro-Russian Serbs to turn to the U.S.S.R. for help. During the last round of IMF talks Janko Smole attended, he warned the Western participants against imposing unbearable conditionalities. His country, he said, might be forced to become more dependent on the Soviet Union. The representatives of the West reportedly laughed at this "empty threat."