

“Market Socialism” and the Destruction of the Socialist Federal Republic of Yugoslavia

Thirty-Three Years Since the First Post-WWII “Democratic and Multiparty” Elections in All Six Yugoslav Republics in 1990

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Preface

It will pass 33 years since the first post-WWII “democratic and multiparty” elections in all six Yugoslav republics in 1990. Next year, however, not only that this country did not exist anymore but the Yugoslavs have been faced with a civil war as a result of the post-Cold War “democratization process”.

For two decades before 1980, Yugoslavia was prospering with a GDP of 6,1%, a decent standard of living, free medical care, and education guaranteed the right to a job, affordable public transportation housing, and utilities, a literacy rate over 90%, life expectancy 72 years. Most of the economy was in the public not in the profit sector. It was a different case because it had established its form of the social model of economic activity which was the mixed economy with private-sector enterprise and state-run industry. It was considered to be a success story of market socialism (with huge international loans and donations by the West!) it had higher rates of growth than more of the Western countries.

The Socialist Federal Republic of Yugoslavia had an advanced welfare state and it was a multiethnic society (it was populated by Serbs, Croats, Slovenians, Bosnian Muslims, Macedonians, Hungarians, Albanians, and many others) which lived in harmony under the communist pressure and dictatorship and, therefore, in many regards it was a (wrong) model of development. The outsider can say that it was something special about this land, and the question is why did people spill so much blood over there in the 1990s? Who was to

blame for that?

Before WWII

The Serbs, the most numerous Yugoslav nation, lost their freedom after the Ottoman Turks attacked them in 1389 in the field of Blackbirds which is called Kosovo. The Serbs lost their statehood which lasted several centuries produced a strong encouragement in the myth of Kosovo. For standing up against the Turks Serbs were prosecuted and invented torture devices were implemented. Serbs lived under terrible prosecution, Serbs were wiped, Serbs were lynched except the matter that they were lynched by impalement. It means that the sharp stick is put up in your anus and driven through your body and exits through your back without harming vital organs. The Ottoman Turkish army was an expert in doing it. There was however a way to avoid all this - converge to Islam. And many did, many had no choice. This made a part of the Slavic population Muslim while the rest is Christian Orthodox.

On the other hand, the state religion of the Austrian Empire was Roman Catholic from which the large Croatian population got a great influence. When Austria-Hungary illegally annexed Bosnia-Herzegovina (breaking the decisions of the 1878 Berlin Congress) and a large population fell under it in 1908, the Yugoslav dream (coming from outside of Serbia) was never more threatened. A group of young Yugoslav nationalists called "Young Bosnia" which included Serbs, Croats, and Bosnian Muslims decided that enough is enough. A Bosnian young man Gavrilo Princip (having a Roman Catholic-Latin origin surname) shot and killed the Austrian warmonger-archduke Franz Ferdinand in Sarajevo on June 28th, 1914 (the day of the 1389 Kosovo Battle). After he was quoted as saying "I am a Yugoslav nationalist, aiming for the unification of all Yugoslavs, we must be free from Austria" the Austrians used this event as the reason to attack the last Slavic stronghold after Russia: Serbia.

This was, however, not the real reason for the attack. The Austrians and Germans had the plan to expand their common Pan-Germanic Empire in the east and the war was the only way at that time they could do it. During the early period of WWI, a group of Yugoslav politicians fled from Austria-Hungary and formed the Yugoslav Committee in London which was collaborating with the Government of Serbia in exile (in Greece). In July 1916, on the Corfu Island in Greece, the Yugoslav Committee (composed mainly of the Croats) together with the Serbian Government declared that the Serbs, Croats, and Slovenians are "the same by the blood, by the language, by the feelings of their unity, by the integrated territory which they inhabited undividedly, by the common vital interests of their national survival and many developments of the material life."

It happened to the thing which the Ottoman and the Austrian-Hungarian authorities were afraid of the most. After WWI, the Yugoslavs had a country of their own mainly built on Serbian blood. The interwar royal Yugoslav state was short-lived because another world war came soon in April 1941. In the hope to keep Yugoslavia out of the war, the Yugoslav regent Prince Paul signed the Tripartite Pact with Nazi Germany, fascist Italy, and Imperial Japan on March 25th, 1941. However, British diplomacy did not like such political development in the Balkans and, therefore, they encouraged the anti-German military coup in Belgrade and brought the Serbian people against the pact. The Brits were very happy with the new pro-British Yugoslav Government established on March 27th, 1941 but the Germans were not anymore. A. Hitler decided to wipe Yugoslavia off the map together with Greece. Yugoslavia was attacked from all sides together with Greece on April 6th, 1941.

At that time, Yugoslavia was divided into 12 pieces and some of them went to fascist Italy, some of them to Hungary, some of them to Albania while Croatia and Bosnia-Herzegovina were united in the Croatian fascist state under the Ustasi regime which was called Independent State of Croatia (concerning its internal affairs, the ISC was, really, independent especially regarding the policy of genocide on the Serbs, Jews, and Roma). Croatian fascists were quick to destroy all the not fascist (i.e., not Croatian) elements in the state primarily the Serbs. And that meant that A. Hitler's final solution (of the Jewish question) applied here as well (as the final solution of the Serb question). Hundreds of thousands of Serbs (at least 700.000) but also Jews and Roma were killed most of them in the 4th largest concentration camp in Europe called Jasenovac on the Sava River. And one important detail is that the Croatian political fascist regime was fully integrated with the Roman Catholic clergy and even some of the priests (Franciscans) were the heads of the concentration camps and executors.

During the war, there was one real anti-fascist movement, a nationalist Yugoslav Royal Army in the Homeland (the Ravna Gora movement or the Chetniks of General Draža Mihailović) and one quasi anti-fascist movement - the communists (the Partisans) led by Josip Broz Tito (according to V. Molotov, he was a Jew from Odessa). Although when the war began, these two movements cooperated to a certain extent, the mutual conflict soon occurred due to the Partisan's attacks on the Chetniks followed by the civil war till May 1945. During the second part of the war, the Western allies (especially W. Churchill) betrayed Serbian nationalists and Serbian people by making political trade with J. V. Stalin - in fact, they crucially supported the Yugoslav communists after the Tehran Conference in November 1943.

On November 29th, 1943, J. B. Tito declared a new Yugoslavia and two years later the country was occupied by his partisans who officially called it liberation. Skilled in his political games he was a worldwide accepted leader who was not only a leader but a brand as well and above all the dictator. He was one of the three founders of the non-alignment movement in 1961 (the first conference was in Belgrade) sponsored by the West to play the game of middle ground between great powers, between East and West in international relations during the Cold War.

After WWII

At the end of WWII, the communists conducted **the federalization of the new socialist Yugoslavia**. After the genocide against the Serbian people who were killed by the nationalist Ustasi movement (the Croats and Bosnian Muslims) in Croatia and Bosnia-Herzegovina and everything that happened during the war, the communists attempted to align it with a policy of national reconciliation in the conditions of a totalitarian regime by establishing a state in which there would be an internal balance of the six federal units. Those were Serbia, Croatia, Slovenia, Bosnia-Herzegovina, Montenegro, and Macedonia.

People who lived in these federal units suddenly started to be deemed as different nations according to their republic's belonging. For example, in Yugoslav Macedonia (there are three parts of historical-geographic Macedonia: the Serbian/Yugoslav, Bulgarian, and Greek) there was a specially developed national consciousness to be Macedonian, as well in Montenegro to be Montenegrin. Moreover, some historically artificial nations within republics became created allegedly on an ethnic basis. For instance, suddenly, 20 years after WWII, the

Muslim nation of ethnic Serbs who were Islamized during the 500 years of the Ottoman occupation was formed (however, the Catholic or Orthodox, or Christian nations have not been ever created). Later and today, they gained Bosniak or Bosnian identity primarily based on their religion combined with the republic's identity. Nevertheless, such division and the increasing power of federal units later in the 1990s demonstrated expulsion and migration of the population to the "mother" countries, and more or less division among the population within the country.

When **Josip Broz Tito** (officially) died on May 4th, 1980, many Yugoslavs were crying not for him as much as for Yugoslavia itself. His (official) funeral was the largest statesman funeral in recorded history.

Internal tensions in the country, from 1981, grew steadily, reinforced by the economic slowdown and high debt to foreign investors. Debt, inherited from J. B. Tito's time, was further increased. In 1984, the (USA President at that time) Ronald Reagan's administration was specifically targeting Yugoslavia's economy **in the secret memo, *National Security Directive 133* which stated that the US policy will be promoting the trend towards a market-oriented Yugoslav economy structure.** And it was in line with previous decision directives which advocated expanded efforts to promote revolutions to overthrow communist Governments. It triggered the whole series of other initiatives which of course were not published. What the USA wanted is that Yugoslavia quit being a socialist (command) market economy and become a free-market economy, modelled on the Western pattern.

The destruction of the Yugoslav economy

While the Soviet system was starting to collapse in 1980s, Washington wasted no time and was sending advisors to Yugoslavia from the non-profit organization called *National Endowment for Democracy* (the NED). Allen Weinstein, who planned the NED, told Washington that "a lot what we do today was done covertly 25 years ago by the CIA". So the NED became the CIA's satellite. And what did it do? It started financing opposition groups, young journalists, trade unions, and other pro-open market economists and NGOs. The NED financed the so-called G17 in Serbia - a notorious pro-Western colonial political group.

And who were they? Those were the NGOs made up of 17 free-market economists which after became a political party and had after the Western-sponsored revolution of October 5th, 2000 in their hands Ministry of Finance and Economy. They were working closely with the IMF and the World Bank, and a coordinator of the G17 Plus Professor Veselin Vukotić, who was the minister of privatization in the Yugoslav Government of the (Croat)

PM Ante Marković just before the destruction of Yugoslavia, was in charge of the World Bank's bankruptcy program for Yugoslavia during 1989 and 1990 which let off the devastation of the Yugoslav economy. So this was not simply a group of economists, it was a network and the IMF and the World Bank use this network to impose their policies on Yugoslavia, or now on Serbia.

And how do they do it? They did it in three stages:

- They force the Government to stop subsidizing domestic production (food, medical means), transportation, free medical care, and so on. In other words,

you cut public sector spending, you cut wages, cut employment, you abolish working management enterprises, and as a result, you force your people to work harder for lesser.

- They use laws to force public (state) businesses to go into bankruptcy. And the World Bank uses this mechanism which is called a trigger, they use this term to describe the process "to trigger the bankruptcy of the Yugoslav industry".
- Then these businesses are bought from foreign speculators and other interested foreign groups. Creditors could take these businesses during the 45 days and either the businesses are sold (privatized) or canceled. This is called privatization through liquidation! Evidence from the World Bank confirms that under V. Vukotić's intervention from 1989 till 1990 (still Yugoslavia existed) more than 1100 industrial firms were wiped out!

The standard of living declined by 18% from January to October 1990. At the same time, unemployment rose to 20% and thus increased tension between the Yugoslav republics. So, usually, when you have this kind of unsatisfactions everybody is looking for a guilty party.

When a man has nothing and he is not aware in the existential sense, he clings to those types of ideas that awake the human inside him, and those are usually national or religious stories. Suddenly he feels more important when someone tells him "yes it is their fault, not yours". In desperation, PM A. Marković visited his bosses in Washington essentially to meet with President Bush Senior, when he said that rising tensions between the Yugoslav republics and nationalities would be a consequence of these austerity measures and privatization plan and he asked for another loan because otherwise there would be troubles.

And we all know that the American administration did not want any trouble in the Balkans so President Bush in November of 1990 went to Congress and pushed them to pass the law which demanded that **if any republic of Yugoslavia wanted further US aid, they would have to break away from Yugoslavia and proclaim their independence.** It is a public law! It required that republics do not hold national elections but only the elections in their own republics! And when the financial aid went to Yugoslavia, it went only to those parts controlled by radical ultranationalists and even fascist parties (like the HDZ in Croatia or the SDA in Bosnia-Herzegovina) which the USA officially considered as democratic and supported them as such.

The destruction of Yugoslavia was not the result of the preexisting internal divisions. Those internal divisions were exacerbated as the result of an outside (Western) intervention.

By 1991 the inflation was 200%. The central Federal Government of Yugoslavia could not repay the state (public) debt and could not even buy the raw material for domestic industrial production. The economic cooperation between the republics stopped existing. The republics did not get any money from the Federal Government, but neither sent the money from the taxes to the federal budget. As a consequence, the whole fiscal structure soon collapsed. The republics were left at their own "devices" and then it appeared a new form of nationalism. However, the republican political leaders did not work on calming people down, but, actually, they have been doing quite opposite. People were going in the street protesting with the message "do not sacrifice peace for the political aims".

The political destruction of Bosnia-Herzegovina

The Yugoslav republics on the election in 1990 got the people who were far away from calming down inter-republican economic and political tensions. In Bosnia-Herzegovina, President Alija Izetbegović (who, in fact, lost the elections as being a vice-winner) was propagating the ideas from the 1970 nationalistic Islamic Declaration, as he said, for instance, “there can be neither peace nor coexistence between the Islamic religion and non-Islamic social and political institutions”. He emphasized the percentage of religion over ethnicity. In fact, there was a moment when he could prevent the war when he signed the 1992 Lisbon Agreement which would make Bosnia-Herzegovina a confederation of three ethnic regions (Muslim, Croat, and Serbian).

However, Alija Izetbegović did not like such a solution at all as he wanted whole power for himself and his Bosnian Muslims, and luckily for him, the USA did not like it as well (the Croat and Serb political representatives from Bosnia-Herzegovina agreed about the Lisbon Agreement and signed it). On May 2nd, 1992 Alija Izetbegović was kidnapped at the Sarajevo airport by the Yugoslav People’s Army (the YPA) as he returned from the European Community talks in Lisbon. He is exchanged for the YPA’s prisoners the next day. That weekend (May 2–3rd, 1992) was up to that time the most violent in both Sarajevo and the rest of Bosnia-Herzegovina.

However, the last US ambassador in Yugoslavia, V. Zimmermann, did not like it much more. As he said “If you don’t like it, why sign it?”, So, after the consultations with him in Belgrade in the US embassy, Alija Izetbegović simply withdraw his signature from the agreement and, therefore, opened a door to the bloody war! The Socialist Republic of Bosnia-Herzegovina was constituted as a federal unit in which three ethnic nations were equal: the Serbs, Croats, and Muslims (no majorization). These three groups in Bosnia-Herzegovina were constituents that means in terms of resolving their status outvoting was legally impossible. Bosnia’s secession would be possible only if the political representatives of these three agree on secession, and was legally impossible to agree for the Muslim and the Croatian representatives to overrule the Serbs (what in practice happened). Since they could not agree on the future of Bosnia-Herzegovina, the war started on a dispute in religious terms and territorial division.



Ethnic divisions in Yugoslavia in 1991

As it became clear that the European Community was going to recognize on April 6th, 1992 the independence of Bosnia-Herzegovina proclaimed earlier by Bosnian Muslims and Croats, a night before (between April 5–6th,) in Banja Luka, the Assembly of the Serbian People of Bosnia-Herzegovina declared independence for the Serbs in this ex-Yugoslav republic (the Serbian Republic of Bosnia-Herzegovina. The name was changed on August 12th, 1992 into the Republic of Srpska). The next separatists in Bosnia-Herzegovina have been the Roman Catholic Croats who on July 5th, 1992 proclaimed the independence of their controlled region called the Republic of Herzeg-Bosnia (Western Herzegovina), headed by the leader of the ultranationalistic Croatian HDZ party (Croatian Democratic Union) for Bosnia-Herzegovina, Mate Boban, who favored the partition of the republic between Croatia and Serbia (according to the oral agreement by Croatian President **Franjo Tuđman** and Serbian President **Slobodan Milošević** reached in Karadžević in 1991). The capital of this republic was multiethnic Mostar. Mate Boban was allied with Franjo Tuđman, whereas other Bosnian Croat leaders, including Stjepan Kljuić and Jovan Divjak, opposed F. Tuđman and the declaration for the partition of Bosnia-Herzegovina. However, on July 7th, the Croatian President officially stated he does not support the formation of Herzeg-Bosnia as a Croatian independent state. Rather, he said Herzeg-Bosnia will help administer the area amid

wartime chaos while the integrity of Bosnia-Herzegovina formally remained his chief concern.

In the end, after 4 years of civil war on the territory of ex-Yugoslavia, much inspired and fuelled by Washington, the US administration designed the Dayton Peace Accord in December 1995. According to the accord, Bosnia-Herzegovina gained the status of an independent country but was divided into two political entities: the unitary Republic of Srpska (49%) and the ethnically cantonized Muslim-Croat Federation (51%). However, the division lines between these three main ethnic communities still exist today with the constant Croat struggle for the status of the third political entity based on ethnic belonging.

The Bosnian conflict (of 3,5 years) was a tragedy for all those involved - the Muslims/Bosniaks, Serbs, and Croats. However, the international Western focus of guilt was laid overwhelmingly on the Serbian side from the very beginning (Slovenia in June 1991), mainly because the Serbian side presented well-organized armed resistance to the destruction of Yugoslavia in order not to be repeated the genocide over the Serbs from WWII in Croatia and Bosnia-Herzegovina.

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