

is transfer payments to the republics and autonomous provinces were instead funneled towards servicing Belgrade's debt with the Paris and London clubs. The republics were largely left to their own devices, thereby exacerbating the process of political fracturing. In one fell swoop, the reformers had engineered the demise of the federal fiscal structure and mortally wounded its federal political institutions."

At the same time, other drastic economic rules were imposed on the government. The currency was devalued, prices were liberalized, but wages were frozen to prevent inflation. There was a collapse in the standard of living. Half the industries were targeted for foreclosure or sale to private foreign capital. As a result, the GDP has collapsed by more than half in all former Yugoslav republics except Slovenia. Imports are replacing the domestic economy, and few new resources are being injected. Chossudovsky denies that the Western interests behind these "reforms" ever intended for them to constitute genuine help. Whatever the case may be on that issue, it is a fact that the second half of the '80s was marked by a widespread wave of strikes, walkouts and clashes between the workers and the regime, including mass violent clashes with the police in Slovenia, Croatia and Serbia.

Economic Lessons

Economic disparities must be minimized between the different federal entities (provinces, republics or regions) of a state. When the economic gap becomes too wide, efforts must be undertaken to redistribute the wealth — and (as in Yugoslavia) these measures are likely to be divisive political issues.

Whether or not the West was deliberately attempting to destroy the economy of Yugoslavia, it is clear that the country faced serious debt problems at a time when its economic support was waning because its strategic importance to the West had declined. The stringent demands of the Bretton Woods institutions no doubt exacerbated the political problems of the federal government. With hindsight, probably everyone can agree on this lesson: When a country is facing separatism movements, it is important to support the federal government by sustaining economic support at recent levels or possibly even increase them. To do otherwise is objectively supporting secessionism — regardless of one's intentions, which then become more or less irrelevant.

Michel Chossudovsky pointed out another mistake to avoid in the future, though he claims that Canada has already replicated it: Do not reduce transfer payments from the federal government

to the republics or provinces, for any effort to make the local government fiscally independent of the centre will contribute to the break-up of the federal state. In other words, economic autonomy is a step toward separation, with all the dangers that accompany it.

Political and International Influences

Margarita Papandreou's comments meshed neatly with Chossudovsky's, though she referred as often to political determinants as to economic ones. Thus she too blamed the IMF for its extreme austerity measures, while emphasizing even more the U.S. policy as intended to bring Yugoslavia into the West by promoting decentralization and dependence. She pointed to U.S. Operations Law 101513, which in 1990 specified that aid credits and loans to Yugoslavia must be cut off within six months unless elections were held in the six republics. The republics were pressured to hold elections at a time when the federal government was unable to do so (Croat and Slovene politicians refusing to allow legitimization of the federation, Serbian politicians refusing to allow legitimization of political pluralism as well as of the republican separatism), thereby hastening the disintegration of the federation.

Some participants noted that ethnic conflict was instigated and exploited by such candidates as Franjo Tudjman, whose campaign was funded substantially by expatriate Croatians, including many in Canada. Tudjman's new government started firing ethnic Serbs from public service, which at that time included the state-controlled economy, while ethnic Serbs and their property were exposed to a rising wave of violent attacks, including the blowing up of homes and cottages. The new Croatian government also used propaganda and control of the press to influence Western public opinion, whereas the Serbian government made no such attempt. Papandreou attributed to the success of this propaganda effort much of what she regarded as the Western press's bias in favor of the Croats, Slovenians and later on Muslims. She placed much of the blame for the splitting of the country into small states onto Western influences, reasoning that fragmentation multiplies the mini-states and gives the great powers more chance to gain hegemonic sway in the region. She — and especially Chossudovsky — portrayed Western powers as the real beneficiaries of Yugoslavia's collapse and as the new colonial rulers of the region. However, they were alone in claiming that the West wanted Yugoslavia to break up. None of the other speakers depicted the situation in conspiratorial terms.

Indeed, no one else saw foreign influences as decisive in determining the South Slavs' fate.