



Facultad de Ciencias Económicas y Empresariales
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***THE IMPACT OF ECONOMIC RECESSION ON
THE PROLIFERATION OF POPULISM AND
CONFLICT***

**CASE STUDY: ECONOMIC RECESSION IN 1980s
YUGOSLAVIA: A CATALYST FOR NATIONALIST
POPULISM AND ITS ROLE IN THE BREAKOUT OF THE
YUGOSLAV WARS**

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ABSTRACT

This thesis analyses the intricate relationship between economic recession, the proliferation of populist ideologies and the outbreak of conflict, using the case study of Yugoslavia during the 1980s and 1990s as a point of focus. Since the 1990s, populism has emerged as a strong force in global politics, often intertwined with nationalist sentiments, and has frequently provided significant challenges to democracy. This study explores the phenomenon of populism, in particular nationalist populism, analysing the economic and social landscape of Yugoslavia during the 1980s, characterised by high inflation, unemployment and regional inequality. It also examines how these conditions facilitated the rise of leaders Slobodan Milošević and Franjo Tuđman. The analysis underscores the role of economic recession in fuelling nationalist sentiments, the rise of nationalist populism in the region and the eventual violent dissolution of Yugoslavia in the 1990s. The findings of this paper suggest there to be a strong correlation between Yugoslavia's economic recession in the 1980s, and the rise of the nationalist populist leaders Franjo Tuđman and Slobodan Milošević, who subsequently played crucial roles in the violent breakup of Yugoslavia and the outbreak of the Yugoslav Wars during the 1990s, which led to significant regional instability and effects which are still felt today.

Keywords: Economic Recession, Nationalist Populism, Ethnic Tensions, Inequality, Socialism, Political Instability, Slobodan Milošević, Franjo Tuđman, Yugoslav Wars

RESUMEN

Esta tesis analiza la intrincada relación entre la recesión económica, la proliferación de ideologías populistas y el estallido de conflictos, utilizando como punto de enfoque el estudio de caso de Yugoslavia durante las décadas de 1980 y 1990. Desde la década de 1990, el populismo ha surgido como una fuerza poderosa en la política mundial, a menudo entrelazada con sentimientos nacionalistas, y con frecuencia ha planteado importantes desafíos a la democracia. Este estudio explora el fenómeno del populismo, en particular el populismo nacionalista, analizando el panorama económico y social de Yugoslavia durante la década de 1980, caracterizada por una elevada inflación, desempleo y desigualdad regional. También examina cómo estas condiciones facilitaron el ascenso de los líderes Slobodan Milošević y Franjo Tuđman. El análisis subraya el papel de la recesión económica a la hora de alimentar los sentimientos nacionalistas, el auge del populismo nacionalista en la región y la eventual disolución violenta de Yugoslavia en la década de 1990. Las conclusiones de este documento sugieren que existe una fuerte correlación entre la recesión económica de Yugoslavia en la década de 1980 y el ascenso de los líderes populistas nacionalistas Franjo Tuđman y Slobodan Milošević, que posteriormente desempeñaron un papel crucial en la ruptura violenta de Yugoslavia y el estallido de las guerras yugoslavas durante la década de 1990, lo que provocó una importante inestabilidad regional y efectos que aún se sienten hoy en día.

Palabras Clave: Recesión Económica, Populismo Nacionalista, Tensiones Étnicas, Desigualdad, Socialismo, Inestabilidad Política, Slobodan Milošević, Franjo Tuđman, Guerras Yugoslavas

LIST OF ABBREVIATIONS

SFRY	Socialist Federal Republic of Yugoslavia
GDP	Gross Domestic Product
QE	Quantitative Easing
IMF	International Monetary Fund
EEC	European Economic Community
LDRs	Least Developed Regions
MDRs	More Developed Regions
OECD	The Organization for Economic Cooperation and Development
LCY	League of Communists of Yugoslavia
HDZ	Croatian Democratic Union
SKS	League of Communist of Serbia
FSO	Federal Statistics Office
JNA	Yugoslav People's Army
SPS	Socialist Party of Serbia
SDA	Party of Democratic Action
SDS	Serb Democratic Party
BiH	Bosnia and Herzegovina
HZ-HB	Croatian Community of Herzeg-Bosnia
NATO	North Atlantic Treaty Organisation
KLA	Kosovan Liberation Army
FRY	Federal Republic of Yugoslavia

1. INTRODUCTION

The term 'populism' has become increasingly more significant in the contemporary political landscape. In political science, populism is the idea that society is separated into two groups at odds with one another - "the pure people" and "the corrupt elite" (Mudde and Kaltwasser, 2017), with populist leaders claiming to represent the unified "will of the people" (Molloy, 2018). When coupled with nationalist sentiments, this political approach evolves into nationalist populism, characterised by a focus on national identity, sovereignty, and often, a distrust of minorities and resistance to immigration (Singh, 2021). Therefore, we can say that nationalist populism seeks to unite the populace, emphasising the importance of historical and ethnic ties, while often portraying minority groups and outsiders as threats to national identity. This thesis aims to examine the origins and impact of nationalist populism on politics in Europe, by examining the case study of the 1980s recession in Yugoslavia and subsequent Wars at the close of the 20th century.

The SFR Yugoslavia (Socialist Federal Republic of Yugoslavia) was a diverse, multi-ethnic region of southeastern Europe, composed of 6 independent republics - Slovenia, Croatia, Bosnia and Herzegovina, Macedonia, Montenegro and Serbia – as well as two autonomous regions of Serbia – Kosovo and Vojvodina. The 1980s in Yugoslavia was a period of profound economic and social challenges, brought on by an economic recession, which exacerbated regional disparities and increased ethnic tensions in the region. Amidst this unstable economic climate, nationalist populist leaders such as Franjo Tuđman and Slobodan Milošević rose to prominence within Yugoslav politics, using their nationalist rhetoric to rally support and consolidate power within the Federation.

In this thesis, I will examine the factors that gave rise to these political leaders and the factors that led to the eventual breakup of the state, as well as the Yugoslav Wars that ensued in the 1990s. By focusing my analysis on the economic recession in the 1980s, I aim to establish the impact of economic recession on the proliferation of populist ideologies and the effect it has on the escalation of conflict. Through this analysis, I hope to uncover the broader implications of periods of economic crisis in promoting nationalist populism and contributing to political instability and violence.

Figure 1: Socialist Federal Republic of Yugoslavia



Source: International Criminal Tribunal for the Former Yugoslavia

2. OBJECTIVES

The idea of populism has grown significantly in importance since the end of the 20th century, becoming a central issue in contemporary political and economic discourse. This growing importance on the global political landscape stems from increasing influence and impact of populist movements on global politics, which highlights the need to understand the economic and social conditions that foster its rise.

The primary aim of this thesis is to examine the impact that economic recession has on the proliferation of populism and the subsequent effects this can have on conflict. As a first step, I will analyse existing literature on the topic, exploring the intricate links and complex interplay between periods of recession, politics, and conflict. This thesis will examine the complex and multifaceted relationship between economic recession, nationalist populism and conflict. The body of this thesis will consist of a detailed case study of the economic recession in 1980s Yugoslavia, focusing on its role in the rise of nationalist populism in the region and the subsequent breakout of the Yugoslav Wars in the 1990s.

To achieve this, I have outlined necessary secondary objectives which will help me to accomplish my main objective:

1. Identify the key characteristics that contributed to the economic recession in Yugoslavia in the 1980s.
2. Examine the economic conditions of 1980s Yugoslavia which gave rise to nationalist populism.
3. Assess the role of nationalist populist leaders in the breakout of the Yugoslav Wars.

Ultimately, this paper aims to contribute to existing literature on this topic, as well as identifying any gaps, contradictions, or irregularities in the existing literature.

Additionally, this thesis seeks to contribute to the ongoing discourse around nationalist populism and its implication for political and social dynamics.

3. METHODOLOGY

Considering that this thesis is based on a historical case study, my methodology will primarily consist of reviewing existing literature and databases to comprehensively analyse the impact of economic recession on the proliferation of nationalist populism and the escalation of conflict. Therefore, I will adopt a blended approach, using primarily bibliographic and quantitative research, meaning that the data collection for my literature review and case study will be based on secondary sources.

The economic recession in 1980s Yugoslavia was a period of significant economic downturn denoted by a range of challenges and crises. Yugoslavia, as a socialist federation, faced numerous structural and systemic issues that contributed to its economic decline during this time. The 1990s Yugoslav political landscape was characterised by rising ethnic tensions, nationalist populist leaders and the eventual dissolution of the country into several independent states. The decade was marred by political instability and violent conflict as various republics within Yugoslavia sought sovereignty and pursued diverging political agendas from that of the Socialist Federal Republic of Yugoslavia.

Data Collection Methods

Subsequently, the data collection for this thesis will consist of a comprehensive literature review, with an examination of books, scholarly articles, dissertations, as well as reputable sources such as the IMF and World Bank and official data from official government bodies of respective Yugoslav countries. The literature review will focus on analysing the link between economic downturns and the growth in support for more extreme political ideologies. In addition to this, it will examine the role that governments play in responding to periods of economic crisis. Finally, it will analyse how times of economic crisis can affect people's political perceptions, and the role far-left, and far-right ideologies can have on evoking conflict.

This investigation will utilize various academic databases such Google Scholar, JSTOR, ResearchGate and Science Direct to access a wide range of existing relevant literature.

This approach can hopefully facilitate a comprehensive analysis and draw insightful conclusions regarding the relationship between economic recession, nationalist populism, and conflict, extracting valuable learnings which can help in addressing these complex dynamics in the future.

Data Analysis and Limitations

The data analysis of the collected data will consist of:

1. Analysis of Economic Indicators:

This step will involve analysing economic data to understand the underlying economic conditions leading up to and during the established period in Yugoslavia. These key metrics will include changes in the consumer price index, changes in GDP, unemployment figures and measures of income inequality. Analysing these indicators can provide valuable insights into the severity of the economic downturn and its impact on the population, which will be crucial in establishing the context which gave rise to nationalist populism in the region.

2. Examination of Political Developments:

This step will entail examining key political events and changes that occurred during the established period, particularly those involving nationalist populist figures. This may involve analysing election results, political speeches, policy changes, etc. to identify changes in political discourse. Understanding the evolving political landscape will prove crucial in gauging to what extent the economic recession may have influenced the political dynamics in Yugoslavia at this time.

3. Assessment of Social and Cultural Factors:

This step will involve analysing the social and cultural factors which may have played a role in the rise of nationalist populism and subsequent breakout of conflict in the 1990s. This could involve examining changing demographics, cultural identity, social inequality, and ethnic tensions. By understanding these

factors, I hope to gain a holistic view of the socio-cultural context in which nationalist populism manifested and conflict broke out.

This data analysis should provide a comprehensive examination of the complex and multifaceted interplay between economic recession, nationalist populism and breakout of conflict.

This thesis must acknowledge some limitations in its research methodology. The reliance on secondary sources may produce potential biases, as the available literature may reflect the perspectives of the authors, many of whom are nationals of the studied republics. Their individual national backgrounds may influence their interpretation of events, resulting in varying perspectives on how events unfolded. Secondly, the historical context of the cases may pose challenges related to hindsight bias and incomplete records. This means that decisions could be analysed with the benefit of hindsight, not accounting for emotional and psychological factors that may have shaped sentiments at the time.

4. LITERATURE REVIEW

4.1. INTRODUCTION

The intricate relationship between economic recession and the rise in populist ideologies has long been debated within academic circles, as many scholars argue that periods of economic downturn pave the way for the growth of political extremism. Empirically, we have seen economic crises act as a catalyst for populist, nationalist, and anti-establishment movements as seen during the Global Financial Crisis (Gozgor, 2022). This literature delves further into the topic, analysing how periods of economic turmoil are linked to the growth of populism in a region and the effects this has on the outbreak of conflict. It will also highlight the effects this has on income inequality and how it can serve to exacerbate ethnic tensions, two key factors in the breakdown of social cohesion and the outbreak of violence. By analysing extensive literature, this review aims to explore and understand the complexity of the relationship and shed light on the mechanisms through which economic downturns affect social and political landscapes.

4.1.1. Economic Crisis and the Rise of Populism.

The relationship between economic crisis and the rise in support for populist parties has been a subject of considerable scholarly debate. Within academic circles, there is a divergence of opinions regarding the impact that crises have on the tendency of voters to vote in favour of populist parties. Throughout history, economic downturns and recessions have provided fertile breeding grounds for political extremism. After periods of financial crisis, voters seem to be systematically lured toward the rhetoric of far-right politics, and with it, their often nationalist and xenophobic tendencies (Funke et al., 2015). This isn't a new trend; it is something we have seen in the past and will likely continue to see in the future. The economic turmoil after World War I, compounded by the Great Depression, gave rise to fascist leaders such as Hitler and Mussolini in the 1920s and 1930s (van Riel & Schram, 1993). Following the recession of the Global Financial Crisis of 2008 and the subsequent Eurozone Crisis, many Europeans were left with a sense of disillusionment with their governments, contributing to a rise in support

for radical and populist political movements across Europe. Greece, who were particularly affected during the Eurozone Crisis saw a wave of ‘extreme voting’ in the years following the crisis. *Syriza*, who are a radical populist left-wing party, managed to attract the voters who lost the most during the crisis, either through anti-austerity rhetoric or by blaming immigrants for the economic downturn (Bedock & Vasilopoulos, 2015).

This link between economic downturn and increased populist voting is not just a European affair but a global one. In fact, for a long time, populist policies were considered to be a Latin American phenomenon, pursued in places such as Argentina and Venezuela (Edwards, 2019). Similar to Eastern Europe, the 1980s and 1990s marked a time of economic turmoil in South America, particularly in Venezuela, which in 1970 was the richest country in the region due to the abundance of oil in the country. However, during the 1980s and 1990s, Venezuela saw its GDP decline drastically, giving rise to the polarising populist leader, Hugo Chávez (Hausmann & Rodríguez, 2013).

Although the idea of a positive relationship between a profound crisis and the rise of populist parties may sound intuitive, there is not a widespread agreement on this issue. While a few empirical studies have shown a positive relationship between crises and the growth of populism (Hernández & Kriesi, 2016; Kriesi et al., 2016), others have argued for the existence of a weak relationship (Fetai, 2013; Inglehart and Norris, 2016), whilst other found an absence of a correlation between the two (Rama and Cordero, 2018).

4.1.2. The Role of Economic Policy during Financial Crises

Economic policy is pivotal in either mitigating or exacerbating financial crises, with its impact largely depending on the appropriateness, timing, and execution of the policies. Studies suggest that fiscal policy is more effective than monetary policy during financial crises, with fiscal expansion helping to reduce output loss (Fetai, 2013).

Following the 2008 Financial Crisis, fiscal policy was crucial in stabilizing economies worldwide. Extensive literature supports the view that fiscal policy is particularly potent during economic downturns (Gorodnichenko & Auerbach, 2013; Karras, 2014;

Tagkalakis, 2008). Proponents of expansionary fiscal policy, following John Maynard Keynes' ideas, argue that increasing spending or cutting taxes stimulates additional demand, speeding up economic recovery (Boushey et al., 2019). However, critics highlight the crowding-out effect, where increased government spending does not sufficiently enhance private spending to generate a multiplier effect larger than one, potentially lowering long-term economic growth (Rodriguez, 2016). Empirical studies present mixed evidence on the crowding-out effect, particularly in highly indebted economies where increased borrowing can lead to higher risk premiums (Ramey, 2011).

Monetary policy, managed by central banks, involves expansive or contractionary measures to influence economic activity. During economic downturns, expansionary monetary policy, such as quantitative easing (QE) and lowering interest rates, can encourage spending and investment. The Federal Reserve's response to the 2007-2009 subprime mortgage crisis, involving QE and near-zero interest rates, was credited by the IMF with restoring market functioning and intermediation early in the global financial crisis (Chen et al., 2016). However, prolonged low interest rates can lead to negative effects, such as reduced savings, excessive risk-taking, or asset bubbles, which were key contributors to the 2008 crisis (Ban, 2015; Ostry et al., 2016; Taylor, 2015).

The Role of the IMF in Economic Crises

The International Monetary Fund (IMF) has been pivotal in the global financial system since 1944, aiming to ensure international monetary stability, facilitate trade, promote high employment, sustainable growth, and reduce poverty. The IMF has supported borrowers with fiscal stimulus and has placed less emphasis on austerity measures since the Great Recession (Ban, 2015; Ostry et al., 2016).

Supporters argue that IMF loan conditionality programs improve economic growth and income standards for borrowers (Atoyan & Conway, 2006; Killick, 1995) and promote benefits for the poorest countries (Bird, 2016). Conversely, critics contend that IMF programs can reduce growth rates (Dreher, 2006) and delay economic recovery (Blyth, 2013; Stiglitz, 2017). Critics also argue that IMF loan arrangements increase income inequality and poverty (Dooley & Frankel, 2003; Forster et al., 2019; Garuda, 2000; Oberdabernig, 2013; Raymond Vreeland, 2002). A study of 81 developing countries found that IMF loan arrangements with structural reforms often trap more people in

poverty through austerity measures that raise unemployment, lower government revenue, and increase the cost of basic services (Biglaiser & McGauvran, 2022). Others contend that while IMF poverty reduction programs do not negatively affect the poor, their impact on alleviating poverty is limited (Hajro & Joyce, 2009; Lang, 2021).

4.1.3. Income Inequality and Nationalist Tensions

Economic inequality, characterized by the unequal distribution of wealth, income, and opportunities, can significantly undermine social cohesion, and intensify ethnic tensions (Dabla-Norris et al., 2015). Studies have found there to be strong evidence linking currency, banking, inflation, and debt crises with rising income inequality. Financial crises are linked to income inequality through the effect of slowed economic growth and rising unemployment on the lower-income classes (Bodea et al., 2021). According to various studies, inequality in income along ethnic lines is likely to exacerbate the salience of group identity and limit social cohesion by increasing between-group animosity (Michalopoulos et al., 2013). Moreover, recent studies have shown that inequalities are accompanied by a reduction in social cohesion, specifically in interpersonal trust between different groups, which is as a result of economic equality and equality of opportunities (Rothstein & Uslaner, 2005). Rising income inequality is a key factor that affects individuals' political and social attitudes, with studies finding that it increases nationalism and intensifies intolerance toward cultural outgroups (Andersen & Fetner, 2008; Shayo, 2009). Shayo (2009) also argues that income inequality increases the national identity of the poor, but reduces the national identity of the rich, assuming that there are two main groups: society and nation. The hypothesis suggests that an individual's identification with a group strengthens as the status of the group improves. The value of a group is based on its relative status: people evaluate a social group by comparing it with a reference group (Tajfel and Turner, 1986). Members of a lower socioeconomic class compare their status with those of a higher socioeconomic class. Therefore, rising income inequality reduces the class identity of the poor and strengthens their national identity because it implies the 'diminished material status' of members of the lower socioeconomic class group relative to their counterparts in the upper socioeconomic class (Andersen & Curtis, 2012).

Research shows that ethnically divided societies tend to be characterised by a higher incidence of conflict, weaker institutions, and lower economic growth (Kukić, 2023). In such societies, economic disparities exacerbate existing ethnic tensions, as marginalized groups perceive the state as favouring certain ethnicities over others (Milan, 2022) The emerging social and economic disparities serve as catalysts for nationalist movements, leveraging ethnic grievances to garner support, deepening ethnic divides and exacerbating political instability.

4.1.4. Nationalism and Populism as a Catalyst for Conflict

Nationalism has often been a driving force behind conflicts and wars, as it fosters a strong sense of identity and loyalty to one's nation, sometimes leading to aggressive efforts to defend or expand national interests. Although scholars disagree on what comes first, nationalism or war, there is near unanimity on the view that the conditions of warfare increase national solidarity. In other words, while some argue that excessive national bonds contribute to, or even cause wars, others see nationalism as an unequivocal consequence of warfare (Malešević, 2011). Although distinct ideologies, nationalism's link to populism is evident in its appeal to the common people's sense of pride and unity, often against perceived elite neglect or foreign influence, creating an “us” versus “them” scenario (Singh, 2021). The synergy between the two ideologies is evident when populists frame their agendas in nationalist terms, advocating for policies that protect national sovereignty and cultural identity, as we have witnessed with Donald Trump’s MAGA campaign (Carreira da Silva & Rogenhofer, 2023).

Empirical studies have shown that nationalist and populist rhetoric can inflame existing divisions, leading to violence. Such rhetoric can embolden individuals to act on pre-existing prejudices, spread hostile political discourse, and create a more polarized environment where violence is seen as more acceptable or even heroic (Byman, 2021). For example, studies found that Donald Trump's inflammatory comments during his campaign increased the prevalence of hate crimes against targeted groups like Muslims and Hispanics, suggesting a direct link between his rhetoric and real-world violence (Nacos et al., 2020). This supports the view that nationalist movements can often scapegoat minority groups, while populist leaders might adopt exclusionary policies that

marginalize these groups, frequently disregarding the rights of individuals who are not considered “the people” (Liddiard, 2019), further exacerbating tensions.

This literature review explored the links between economic recession, populism, and conflict. It found that economic downturns often boost support for populist parties by exploiting public discontent, with historical and contemporary examples like the Great Depression and the 2008 Financial Crisis illustrating this trend. Expansionary fiscal policies, aligned with Keynesian thought, are seen as vital for stabilizing economies, though their long-term effectiveness is debated. IMF interventions post-WWII have had mixed outcomes, at times promoting growth and sometimes leading to austerity and delaying recovery. The review also highlighted how economic inequality can exacerbate ethnic tensions and strengthen nationalist sentiments, with populist rhetoric often fuelling conflict and hate crimes, as seen during Trump's campaign. Despite some consensus on these links, the extent of these correlations remains contested, requiring further investigation. This study will analyse how the 1980s economic recession in Yugoslavia contributed to the rise of populism and the outbreak of the Yugoslav Wars in the 1990s.

5. CASE STUDY – ECONOMIC RECESSION IN 1980s YUGOSLAVIA

5.1 YUGOSLAV ECONOMY PRIOR TO RECESSION OF 1980s

In the 1960s, the Yugoslav economy stood out among Marxist systems because of its heavy reliance on the profit motive and the market mechanism (Milenkovitch, 1977). The Yugoslavs' brand of market socialism placed reliance on markets to guide both domestic and international production and exchange, with the socialist element coming from the "social ownership" and workers' self-management of enterprises (Estrin, 1991). Under this 'self-management' system, workers were given control of aspects of decision-making and management within their firms.

Yugoslavia was the fastest growing socialist economy in the post-WWII era (Sapir, 1980). In fact, it was one of the fastest growing countries in Europe during the 1950s and the 1960s (Balassa and Bertrand, 1970), and throughout the 1970s, Yugoslavia's GDP grew each year at annual rates ranging from 3.6 to 8.5 per cent (Statista, 1993). With Yugoslavia's economy soaring under their reformed socialist strategy, one may wonder: **How were they plunged into recession in the 1980s?**

Under the rule of Josip Broz Tito (1953-1980), Yugoslavia maintained relative stability and unity throughout much of his tenure as President. Through a host of often authoritarian political tactics, Tito managed to maintain a balance between the various ethnic groups and regions across Yugoslavia, which ultimately played a key role in holding the diverse federation together. Tito also sought to maintain good relations abroad, with both the capitalist West and the communist East (Woodward, 1995) allowing the country to benefit from Western sources of financing for its development projects. For example, Yugoslavia reportedly received as much as 2 billion USD of aid from the U.S. alone from 1949 to 1961 (Yarashevich & Karneyeva, 2013). During the 1970s, Yugoslavia continued to rely on Western finance to cover both its investment needs and current account deficits. However, this over-reliance on the West would prove to serve Yugoslavia badly in the early 1980s, when borrowing terms on global financial markets were tightened in an attempt to help curb the worst economic downturn the United States had seen since the Great Depression (Sablik, 2013). In the decade leading

up to the beginning of the developing world debt crisis in 1982, Yugoslavia saw a nearly five-fold increase of its external debt (World Bank, 1983). Unsurprisingly, Yugoslavia was hit hard by the debt crisis, which was triggered by Mexico's inability to service its outstanding debt to U.S. commercial banks and other creditors on August 12th, 1982 (Sims & Romero, 2013).

5.2 COLLAPSE OF YUGOSLAVIA'S ECONOMY IN THE 1980s

The 1980s marked a tumultuous period for Yugoslavia, both economically and politically. After decades of relative stability and economic growth under the guidance of Josip Broz Tito, cracks began to emerge in Yugoslavia's socialist economy. It is widely acknowledged that the degradation of the Yugoslav economy came from an amalgamation of **external** and **internal** factors, most notably the overaccumulation of foreign debt, and the internal economic problems caused by the once prosperous, but later malfunctioning socialist system of "self-management" (Yarasevich and Karneyeva, 2013).

5.2.1 Foreign Debt Issues and IMF Reforms

As previously discussed, Yugoslavia's economic landscape was significantly influenced by its reliance on foreign capital. We have established that Yugoslavia's neutrality during the Cold War allowed them to receive financial assistance from both the capitalist West and the communist East, which played a key role in the growth of the Yugoslav economy during this period that is dubbed "The Golden Age". However, as we have also commented, the overreliance on these loans from Western countries, particularly borrowing on commercial terms from the international banking community led to an overaccumulation of debt, amounting to \$20.3 billion as of 1982 (Cviki & Mrak, 1996). So, when Mexico defaulted on their loans in August 1982, shockwaves reverberated around the international monetary system and were felt particularly hard in Yugoslavia. The sudden tightening of borrowing terms on global financial markets made it increasingly difficult for Yugoslavia to manage its substantial foreign debt. Consequently, Yugoslavia was summoned to the Paris and London clubs twice to restructure their external debt, the first time coming in May of 1984, and the second

time, a year later in May of 1985 (Club de Paris, n.d.), where they agreed to implement IMF stabilisation programmes.

As part of its agreement with the IMF, Yugoslavia were required to implement a series of economic reforms and austerity measures to facilitate the payback of these loans. The austerity measures proposed by the IMF and EEC, which Yugoslavia were promised would help them to recover economically if followed rigorously, would serve to have devastating consequences for the Yugoslav people. The Yugoslav Federation abandoned food and basic commodity subsidies in a bid to decrease imports, which saw prices rise by 33 per cent in 1983 (Woodward, 1995). Investment in social services and infrastructure was completely frozen to minimize spending. All firms were obliged to lay off workers if facing losses to improve their competitiveness (Woodward 1995). Per capita consumption was practically stagnant throughout the 1980s. The entire increase in real wages achieved during the 1970s was practically lost during the 80s (Milanovic, 1991). By the mid-1980s, the poverty rate had stabilized at 25 per cent (World Bank, 1991), while in the nation’s capital, Belgrade, some 40 per cent of social sector workers were estimated to be living on the poverty line with real wages falling 34 per cent between 1979 and 1984 and pensions by more than 40 per cent (Archer & Musić, 2019). Together, these measures had devastating effects on society, with unemployment soaring during the 1980s, as high as 57 per cent in Kosovo.

Table 1: Unemployment Rate in Yugoslavia’s regions, 1980-1989.

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Yugoslavia	13.8	13.8	14.4	14.9	15.7	16.3	16.6	16.1	16.8	14.9
Bosnia-Herzegovina	16.6	16.7	17.9	20.3	23	24.4	24.3	23.1	24.1	20.3
Croatia	5.7	6.1	6.9	7.4	7.7	7.9	7.9	7.8	8.5	8
Kosovo	39	39.1	41	44.5	49.9	54.2	57.1	57	57.8	36.3
Macedonia	27.9	29	28.1	26.4	26.7	27.6	27.7	27.3	27.1	21.9
Montenegro	17.5	18.1	19.3	21.6	23.5	24.6	24.6	23.6	26.3	21.6
Serbia	19.4	18.7	19.1	19.1	19.5	20.2	20.8	20.3	20.8	17.6
Slovenia	1.4	1.6	1.7	2	1.9	1.8	1.7	1.8	2.5	3.2

Source: Data from (Woodward, 1995; p.384)

We can see from **Table 1** that the unemployment that grew steadily during the 1980s manifested itself mainly in the poorer Southern republics, whilst the richer Northern republics of Slovenia and Croatia were less affected.

Economic inequality was a significant issue within Yugoslavia, with stark contrasts in development among its republics. Slovenia and Croatia, the northernmost republics of Yugoslavia, were also its wealthiest with their economies more integrated into the economies of Western Europe than the other republics. Hudson (2003) notes that trade relationships with the West and the presence of relatively more export-oriented industries became much more important during the 1980s, as they gave Slovenia and Croatia access to Western markets. This economic gap with the rest of Yugoslavia, which as part of the federal system led to major transfers of wealth from the successful Slovenes and Croats under the Fund for Accelerated Development of Less Developed Regions (LDRs), a federal program that required enterprises in the More Developed Regions (MDRs) to make large investment contributions to regions such as the autonomous province of Kosovo (Posa, 1998), which served to reinforce a growing nationalist sentiment in Croatia and Slovenia.

When the IMF introduced the measures to address the economic crisis, Slovenia and Croatia contended that they had invested time and resources in building a healthy economy, whilst the poorer southern regions, such as Bosnia and Herzegovina, Montenegro and Kosovo spent money on inefficient business, and should therefore take the brunt of the reforms. On the other hand, the southern nations argued for a unified approach to the issue, with all republics taking equal responsibility. This highlighted the deepening economic rifts within Yugoslavia, further exacerbating regional and nationalist tensions.

The economic disparity within the region can be characterized by the gap between the per capita social product in the most and the least developed regions, Slovenia and Kosovo, which increased from 5:1 in 1955 to 8:1 in 1989, meaning the average person in Slovenia was 8 times richer than their counterpart in Kosovo. In 1990, Slovenia, with 8 per cent of the total population, produced 16 per cent of Yugoslav Social Product and contributed over 25 per cent of total exports and imports; while Kosovo, also representing 8 per cent of the population, contributed only 2 per cent of Yugoslav Social

Product and around 1 per cent of both imports and exports (Dallago & Uvalic, 1998). This economic inequality served to build a perspective of unfairness and exploitation among the poorer southern regions as new investment in productive industry was increasingly concentrated in the more developed north. The gap grew wider and wider between 'haves' and 'have-nots', employed and unemployed (Brown, 1997).

5.2.2 Self-Management System

As previously noted, a key feature of the Yugoslav economy was the socialist workers 'self-management' system. In June 1950, the National Assembly passed legislation introducing the self-management system. All enterprises would now have workers' councils consisting of 15 to 120 democratically elected representatives, restricted to two one-year terms (Robertson, 2017). It was formalised in the Yugoslav Constitution of 1953, but it was initially accompanied by 'strict planning, government control of pricing and wages, and the centralized allocation of investment resources' (OECD, 1973). Over time, enterprises gradually gained increased autonomy over pricing, wages, and investment, which had reportedly become complete by 1961 (OECD, 1973). The cardinal principle of this system lay in the idea that employees would have a key role in decision-making within their enterprises. Yugoslav self-management was, in theory at least, akin to democracy—tied to the tenet that basic decisions would be made by the workers who would have to carry out such decisions or be most affected by them (Schrenk et al., 1979). The evidence suggests that the bulk of decisions were guided by management, with workers particularly involved over questions of welfare, employment, and pay (Estrin, 1991). Reforms in 1965 further increased the openness of the economy, liberalised prices, and enhanced the decision-making authority of self-managed firms by reducing the share of taxes in enterprise net income to below 40 per cent (Estrin, 1991). Despite the criticism these reforms would receive, with people even viewing these reforms as the 'turning point between the "more successful" and "less successful" period' (Mercinger, 1989), before the first oil shock of 1973, the economy continued to grow at a strong rate, marginally lower than the 1950s and 1960s growth rate.

Table 2: Economic Indicators for Yugoslav Economy, 1946 - 1986

Indicator	1946 - 1952	1953 - 1962	1963 - 1973	1974 - 1986
Average Annual Growth Rate (%)				
GNP	2.3	8.2	6.5	3.5
Industry	12.9	12.2	8.6	5.4
Agriculture	-3.1	9.2	3.1	2.3
Employment	8.3	6.3	2.4	3.6
Exports (US\$)	-3.1	12	14	11.3
Imports (US\$)	3.6	10.1	16.6	10.3
Investments		11.5	5.3	0.7
Consumption		6.5	6.4	2.2
Prices		3.6	13	33.3
Unemployment Rate		5	7.6	13.3*

Source: Data from (Mercinger, 1989)

* For the period 1974 - 1984

As we can see from the data in **Table 2**, the figures suggest a strong economic performance in the early-post War era (1946 – 1962), followed by declining growth rates, rising inflation, and increasing unemployment in the later periods (1974 – 1986). This reflects some of the economic challenges and structural issues which Yugoslavia faced during that time. Ultimately, the system of workers' “self-management” faltered for several reasons. The first was that although workers were given a say in the day-to-day operating of their enterprises, enterprise directors held the primary authority within these organizations. Workers were excluded from significant decisions, a truth best indicated by the evidence that executive appointments of top-level “directors” rested firmly in the hands of Yugoslav politicians (Liotta, 2001). Indeed, the irrelevance of workers’ councils, the one body over which all workers have the democratic right to control and censure enterprise, was demonstrated during the wave of strikes that began in 1987. Workers demanded an increase in income; their demands were passed directly to enterprise “directors”, and bypassed workers’ councils (Liotta, 2001).

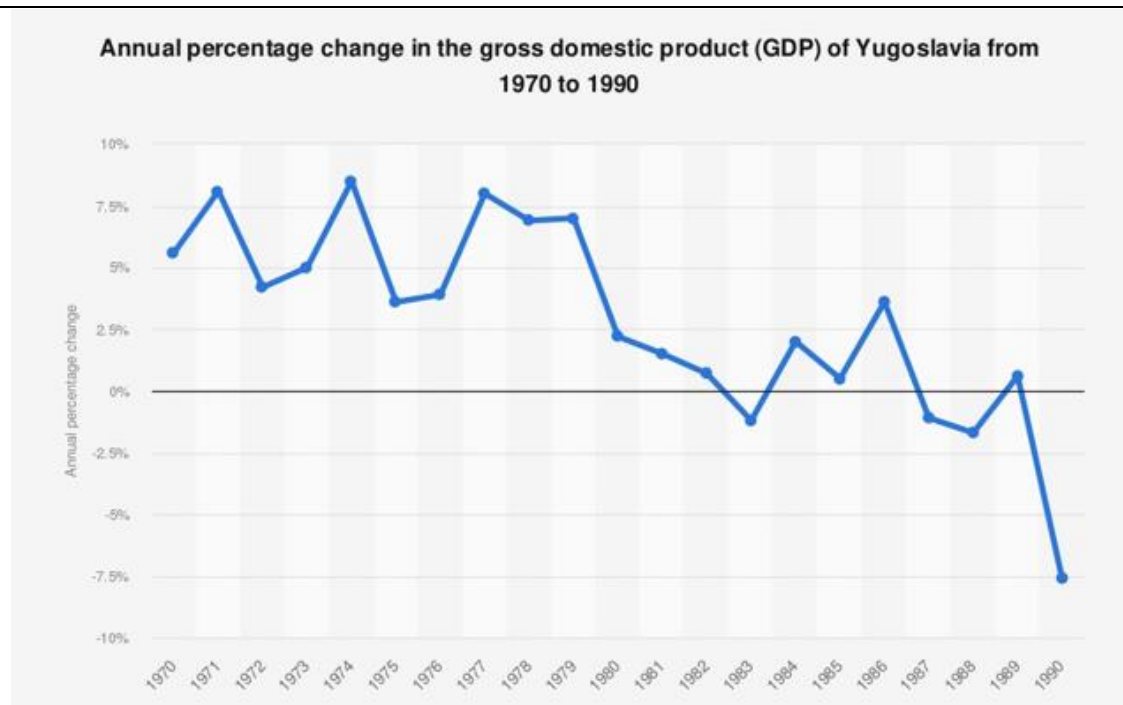
Additionally, another key contributing factor to the failure of the self-management system was the naïve belief that workers, given the right to elect councils and be consulted with referenda would equally act to safeguard the interest of “society” (Liotta, 2001). While self-management aimed to democratize economic decision-making,

individual enterprises and workers often focused on their own economic benefits, such as higher wages and better working conditions, sometimes at the expense of overall economic efficiency (Zukin, 2019).

5.3 EMERGENCE OF NATIONALIST POPULISM

The rise of nationalist populism in Yugoslavia finds itself closely intertwined with the complex economic, social, and political changes that faced the region toward the close of the 20th century. The recession of the 1980s had a profound impact on society, particularly affecting the poorer segments of the population. This period can be characterized by one of economic turmoil, which saw unemployment soar (see **Table 1**), GDP plummet (see **Figure 2**) and living standards fall for many.

Figure 2: Annual per centage change in GDP for Yugoslavia, (1970 – 1990)



Source: Statista (1993)

With disillusionment regarding the perceived failures of the communist regime rife, a new form of political ideology began to emerge, one which gave promise of addressing social and economic grievances to the ‘ordinary’ people of Yugoslavia – *Populism*.

The recession sparked widespread anger and disillusionment throughout Yugoslavia, in the North and South of the country, but for different reasons. The northern republics of Croatia and Slovenia, and even to some extent Vojvodina, the autonomous region of northern Serbia, had become wealthier and more developed compared to the southern parts of the nation. As the northern republics became increasingly unhappy with the financial redistribution system in Yugoslavia, tension and resentment began to build in Croatia and Slovenia towards their southern counterparts. Income inequality across the nation remained high during the 1980s, which is supported by a Gini coefficient of between 0.3 and 0.32 across the decade (Milanovic, 1991).

It is important to note that Yugoslavia was a multi-ethnic federation composed of several distinct national groups, with Serbs (the largest ethnic group), Croats, Slovenes, Bosniaks (Bosnian Muslims), Macedonians, Montenegrins and Albanians residing in Yugoslavia, each with their own cultural and historical identity. The presence of ethnic Serbs in multiple Yugoslav republics was a significant factor in the rising ethnic tensions. Large populations of Serbs lived outside Serbia, particularly in Bosnia and Herzegovina and Croatia. Serbs in Croatia represented around 13 per cent of the population or roughly 700,000, but in Bosnia and Herzegovina they were 31 per cent of the population or around 1.3 million (Bjarnason, 2001). This dispersion of Serb populations across different republics became a source of contention as nationalist sentiments grew.

Amidst this growing frustration, nationalist and populist leaders emerged, seemingly offering simplistic and often divisive solutions to the people’s problems. Two men in particular rose to the forefront of Yugoslav politics and would play a key role in the dissolution of the nation in 1991, and the subsequent wars that would ensue throughout the 1990s – Slobodan Milošević and Franjo Tuđman.

5.3.1 Franjo Tudman and the HDZ

The growing support for populism and an increase in nationalism in Croatia can be traced to the failings of the Yugoslav government in dealing with the economic recession. As previously noted, Croatia’s labour market had been less affected by the soaring unemployment rates than some of the other republics within Yugoslavia, such as Kosovo, Bosnia and Herzegovina, or Montenegro (see **Table 1**). However, due to the deficiencies of the Yugoslav economy, inflation soared across the entire region, affecting both the northern and southern republics.

Table 3: Inflation in Yugoslavia, 1980 - 1989

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Consumer Price Index, % Change	29.9	39.8	31.5	40.2	54.7	72.3	90	120.5	194	1240.2

Source: (Lahiri, 1991)

The major outburst of inflation in 1989 came as a result of the introduction of a new dinar (Yugoslavia’s currency) in a bid to combat rising inflation, which was worth ‘10,000 old ones’ (Yarasevich and Karneyeva, 2013). From **Table 3**, we can see that the average inflation rate across the 1980s stood at a staggering 191.31 per cent. Even eliminating 1989 from our averages, the inflation stood at 74.77 per cent, an extremely high figure. Croatia’s inflation remained on par with Yugoslavia’s averages. In Zagreb, capital of the “developed” republic of Croatia, some five thousand households were functioning without electricity as of 1989 because the families could not afford to pay for power (Ramet, 1992).

Dissatisfaction had always existed in Croatia and Slovenia regarding their disproportionate financial contributions to the federal budget and development funds, and the IMF reforms of the 1980s only served to increase this sentiment as they believed they were becoming overburdened with debt for problems that they had not caused. Resentment began to grow within Croatia, blaming the ruling party, the League of Communists of Yugoslavia (LCY), for the republic’s economic woes. This sentiment was seemingly shared by young people across much of Yugoslavia, particularly in the wealthier northern republics, as can be seen from the reduction of young people who

were active members of the LCY party (**Table 4**), and the increase in unwillingness to join the party (**Table 5**).

Table 4: Participation of Young People in Membership of the League of Communists (In per cent)

Participation Of Young People In Membership Of The League Of Communists (In Percent)					
Region	1976	1980	1984	1988	January- June 1989
Slovenia	27.7	26.0	16.6	8.3	7.3
Croatia	24.7	26.2	18.7	7.1	---
Vojvodina	31.2	28.9	20.7	14.0	13.2
Serbia	32.5	33.3	24.8	16.3	15.8
Macedonia	20.9	25.3	20.2	12.1	10.3
Bosnia-Hercegovina	36.0	41.2	33.6	20.2	17.8
Kosovo	35.3	40.7	37.8	35.7	34.0
Montenegro	30.2	25.0	28.6	22.5	22.8
Total League of Communists	30.8	33.1	25.3	16.1	15.8

Source: (Cohen et al., 1995)

Table 5: Surveyed Young People Not Wishing To Join The League of Communists (In per cent)

Table 2 Surveyed Young People Not Wishing To Join The League Of Communists (In Percent)			
Region	1974	1986	1989
Slovenia	32	88	92
Croatia	13	70	75
Vojvodina	4	54	50
Serbia	6	40	42
Macedonia	7	40	42
Bosnia-Hercegovina	5	36	40
Kosovo	4	35	33
Montenegro	8	18	34
Total Yugoslavia	9	50	51

Source: (Cohen et al., 1995)

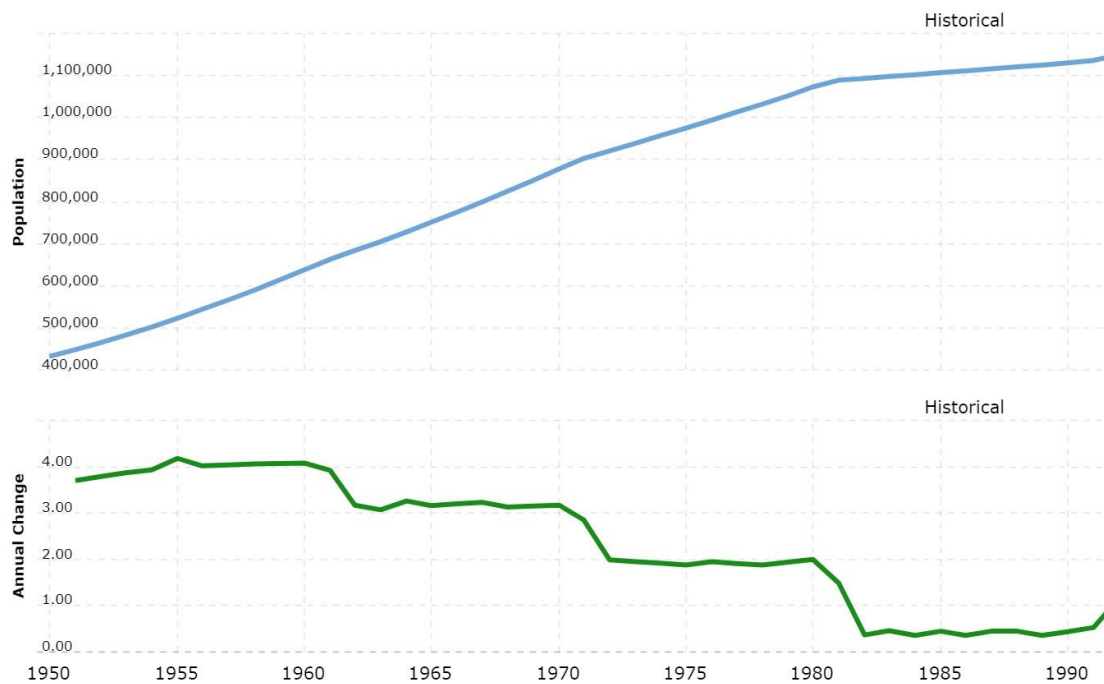
As we can see from **Figure 5** and **Figure 6**, the northern republics of Yugoslavia desired change. In Croatia, this change came in the spring of 1990, when the nationalist Croat Democratic Union (HDZ) won the April–May 1990 elections, securing an absolute parliamentary majority and control over the next phase of Croatia’s transition (Waters, 2000). The Croatian transition towards democracy was marked by the emergence of new, alternative movements that posed to question the legitimacy of the Communist order. The HDZ emerged as the most prominent anti-communist movement in Croatia, uniting various political factions—such as former Communists and hardline nationalists—under the leadership of former Communist general and dissident *Franjo Tuđman* (Biondich, 2016).

Tuđman served as more than a party leader for the HDZ. He was a charismatic figure, whose nationalist intentions had already been solidified through his stint in prison for his involvement in the nationalist and secessionist movement, known as the *Croatian Spring*, in 1971 (Cohen & Dragović-Soso, 2007). As quoted by Biondich (2016: page 62), “Tuđman acquired the attributes of a charismatic populist who seemed to embody Croatia’s drive for sovereignty”. His emotional appeal to suppressed nationalist values gave him and the HDZ a populist flair and appeal; their rhetoric claiming that Croat rights were threatened by existing “Yugoslav” elites. With this, Tuđman and the HDZ pledged to achieve sovereignty, and subsequently, the prosperity of an independent Croatian state.

5.3.2 Rise of Slobodan Milošević

Like much of southern Yugoslavia, Serbia faced economic problems in the form of high inflation and rising unemployment. Belgrade, Yugoslavia’s capital, was one of the nation’s most industrialized centres in the post-World War II era - Yugoslavia’s ‘Golden Age’. This growing economic prosperity attracted a significant influx of migrants from rural areas of Serbia seeking employment opportunities and a better standard of living in the city.

Figure 3: Population of Belgrade, 1950 – 1990



Source: Macrotrends using data from ‘United Nations – World Population Prospects’

As we can see from **Figure 3**, the population of Belgrade almost tripled in the 30 years between 1950 and 1980, rising from around 400,000 to approximately 1.1 million. However, this influx of urban migration came with its problems, particularly the issue of housing. Although one of the principal tenets of the new socialist state was that the government ‘owes each family an adequate dwelling unit with minimum standards’ this objective remained ‘far from realised’ (Simić, 1973), and less than a quarter of Yugoslavs were able to access heavily subsidised, socially owned housing, with the most disadvantaged by housing shortages being newcomers to the cities, often unskilled industrial workers. The number of newly built flats in Belgrade increased in the 1960s and 1970s (from 1966 to 1981 between 7,000 and 12,000 flats were built annually) but slowed to some 5,000 flats built annually after 1983 (Archer & Musić, 2019). So, when recession hit in the 1980s, and reforms were introduced to abide by the IMF’s stabilisation programmes, it was the workers that took the brunt of stabilisation measures and as a result, living standards in the 1980s were pushed back to those of the 1960s (Schierup 1992: 86). Denitch (1990: 69) notes that class solidarity fostered in the workplace amongst Yugoslav blue-collar workers was reinforced in increasingly

segregated residential neighbourhoods leading to an 'us and them' attitude pitting workers against the communist plutocracy and its technocrat allies. With widespread dissatisfaction over living standards and the economy reaching its boiling point among the working-class Serbs in the mid-to-late 1980s, the emergence of Slobodan Milošević and his populist approach appealed to the working-class Yugoslav people of Serbia. His promises of strong leadership and national rejuvenation stirred up a profound sense of nationalism among those feeling the brunt of economic hardships.

Slobodan Milošević's ascent within the Serbian political landscape directly correlated with the mounting frustrations over economic conditions and the recession plaguing the Yugoslav state in the mid to late 1980s. Under the mentorship of Ivan Stambolić, Milošević quickly became a popular figure within the LCY before eventually ousting Stambolić from his position, to assume the position as the President of the League of Communists of Serbia (SKS) in 1988, cementing his position as a dominant force within Yugoslav politics.

Milošević's populist approach resonated with the working class by blaming Yugoslav elites and identifying ethnic scapegoats for the nation's economic problems. This tactic not only fuelled his rise to power but also fostered the "us versus them" attitude commonly associated with populist politics (Knight, 1998), helping to deepen societal divisions. Slobodan Milošević's nationalist rhetoric extended far beyond fostering Serbian nationalism within Serbia. He also capitalized on the substantial ethnic Serb populations dispersed across Yugoslavia, particularly in regions such as Bosnia and Herzegovina and Kosovo. By 1991, the Federal Statistical Office (FSO) estimated that Kosovo's population was approximately 82 per cent ethnic Albanian and 10 per cent ethnic Serb (Brunborg, 2002).

A key turning point in Milošević's political career came in April of 1987 when he delivered a speech at Kosovo Polje, defending the ethnic Serb minority in Kosovo. Long-standing tensions in the autonomous province of Kosovo flared between the Serb minority and the ethnic Albanian majority in April 1987, when a crowd of 15,000 Serbs and Montenegrins protested against their alleged harassment by members of the ethnic Albanian majority. Milošević's outspoken pro-Serb stance on the issue made him extremely popular amongst fellow Serbs. Milošević would eventually use this event to

turn the Communist party against Stambolić, when at a nationally televised party meeting in September 1987, leading communists severely criticised Stambolić's regime for its supposed failure to defend Serbian interests in Kosovo. Once in power, Milošević would take further steps to consolidate his influence over Kosovo. In early 1989, the Serbian Assembly proposed amendments to the Constitution of Serbia which would strip Kosovo of most of its autonomous powers, including control of the police, educational and economic policy, and choice of official language, as well as its veto powers over further changes to the Constitution of Serbia (The International Criminal Tribunal for the Former Yugoslavia, 1999). On 23 March 1989, the Assembly of Kosovo met in Pristina and, with the majority of Kosovo Albanian delegates abstaining, voted to accept the proposed amendments to the constitution. Although lacking the required two-thirds majority in the Assembly, the President of the Assembly nonetheless declared that the amendments had passed. On 28 March 1989, the Assembly of Serbia voted to approve the constitutional changes effectively revoking the autonomy granted to Kosovo and Vojvodina in the 1974 constitution (The International Criminal Tribunal for the Former Yugoslavia, 1999). For Milošević, Kosovo began as an issue that he recognised could help him gain support among Serb nationalists. However, once in power, control over Kosovo and Vojvodina provided Milošević with significant leverage in Yugoslav politics.

By 1990, the political landscape of Eastern Europe was shifting dramatically. The fall of communism also marked the end of the one-party system, with Yugoslavia following the model of political transition from a one-party system to a multi-party democratic system that was akin to the other Central and Eastern European countries (Sotirović, 2020). In July 1990, the League of Communists of Serbia (SKS) and the Socialist Alliance of Working People of Serbia joined to form the Socialist Party of Serbia (SPS), electing Milošević as their president. Although all the communist parties in the various republics entered their respective multiparty elections under new names, only in Serbia and Montenegro did these renamed communist parties win, and only then with the support of the Yugoslav People's Army (JNA). At that time, the JNA openly supported the Serbian side—or, more precisely, Milošević's Socialist Party of Serbia (Pesic, 1996). In the general election held in December 1990, the SPS would win convincingly, with Milošević receiving 65.34 per cent of the vote (Republička Izborna Komisija, 1991). On

top of this, the 1990 parliamentary elections in Montenegro saw a victory for the League of Communists of Montenegro (later to be known as the Democratic Party of Socialists), with Milo Đukanović, elected by President Momir Bulatović, a close ally of Slobodan Milošević. Importantly, the introduction of a pro- Milošević government in Montenegro, and the reintegration of Kosovo and Vojvodina, gave Milošević power in 4 out of the 8 seats in the Presidency of Yugoslavia, consolidating his power within Serbia and wider Yugoslavia.

Since the founding of Yugoslavia, two distinct nationalist policies have struggled for primacy in the debate over the country's political future: Croatian separatism striving for an independent state and Serbian centralism striving to preserve the common Yugoslav state under its dominion. However, for Serbia under Milošević, the Yugoslav state became nothing more than a vehicle for Serbian domination in a bid to create a 'Greater Serbia' uniting the regions with an ethnic Serbian majority, which, in turn, stimulated Croatian national opposition (Pesic, 1996).

5.4 BREAKOUT OF THE YUGOSLAV WARS IN THE 1990s

The ongoing effects of democratisation in Eastern Europe were felt throughout Yugoslavia. As Milošević worked to consolidate power in Yugoslavia, elections across the country in 1990 gave non-communist parties in some of the republics, notably Slovenia and Croatia, control of the state legislatures and governments. The break-up of the country loomed with Slovenia and Croatia blaming Serbia of unjustly dominating Yugoslavia's government and refused to be part of a country that was controlled by Serbia. Serbia in turn accused the two republics of separatism (United Nations, n.d.). The 'Basic Principles' of the 1974 Yugoslav constitution stated that 'the nations of Yugoslavia, based on the right of every nation to self-determination, including the right to secession, based on their freely expressed intention...' (Detrez et al., 2003, p. 115). On December 23rd, 1990, the plebiscite on Slovenian Independence was held. In total, 93.2 per cent of all eligible voters participated in the plebiscite, of whom 95 per cent (or 88.5 per cent of all voters) voted for independence (Government of Slovenia, 2019). However, this did not initially signal the end of the Socialist Federal Republic of Yugoslavia (SFRY). Instead, negotiations among the republics to achieve a loose

federation of fully or semi-sovereign states carried on in the spring of 1991. These negotiations would eventually break down due to the refusal on the part of Serbia to agree to terms (Weller, 1992). Slovenia and Croatia had argued for a loose federation that diluted Serbian influence within Yugoslavia. However, Serbia was unwilling to accommodate, as they “wanted a tighter federation to preserve its centralized control of the economy and its dominant role in Yugoslav life” (Boyes & Trevisan, 1991, p. 7).

A key point of contention during these negotiations was centred around the large Serb minorities in other Yugoslav republics, particularly Croatia and Bosnia and Herzegovina. Slovenian and Croatian requests for independence encountered warnings from Serbia that should these republics redraw the state’s international frontiers, Serbia would make every effort to redraw the internal borders in an attempt to protect large Serbian communities in Croatia and Bosnia-Herzegovina (Radovic, 2004).

Failure to agree to amicable terms only served to further increase nationalist sentiments and the desire for sovereignty in the northern republics of Croatia and Slovenia. In May 1991, Croatia held an independence referendum, where 93.24 per cent of participants voted in favour of an independent Croatia (Croatian Parliament, n.d.). Thus, on the 25th of June 1991, Slovenia and Croatia unilaterally declared their independence after failing to agree on the restructuring of the federation. Under the orders of Milošević, the JNA was deployed in Slovenia, where fierce fighting broke out before the JNA withdrew upon signing the Brioni Agreement on July 7th (Radovic, 2004), a ceasefire to what became known as the *Ten-Day-War*, which paved the way for Slovenian independence. However, the situation was not as simple in Croatia. JNA units had also been stationed in the Serbian enclaves in Croatia, where they clashed with Croatian forces following the foundation of the self-proclaimed “Serbian Autonomous Region (SAO) of Krajina” demanding annexation to the Republic of Serbia (The UN Refugee Agency, 1997). These events would mark the beginning of the Croatian War, which would last until 1995, where over 14,000 would be killed, 43.4 per cent of them being civilian casualties (Flögel & Lauc, 1998).

Bosnia and Herzegovina was another country decimated by war in the 1990s. A nation with a population of 4 million, composed of three main ethnic groups: Bosniak (Bosnian Muslim, 44 per cent), Serb (31 per cent), and Croat (17 per cent), the multi-

party parliamentary elections saw a coalition between three main political parties: the Party of Democratic Action (SDA), supported by the Muslim community, the Serb Democratic Party (SDS) and the Croatian Democratic Union (HDZ), as a sister party of its Croatian namesake (Radovic, 2004). Similarly aggrieved with the state of the Yugoslav Federation, Muslim and Croatian politicians pushed for independence, and on the 29th of February and 1st of March 1992, the referendum was held, with 63.4 per cent of the electorate taking part in the referendum, and 99.7 per cent of those voting in favour of independence (Commission on Security and Cooperation in Europe, 1992). Subsequently, President Alija Izetbegovic declared the republic independent on March 1st, 1992, and called for its international recognition. The '63.4 per cent' turnout rate can be explained by Serbs abstaining from voting. The SDS leadership refused to recognize the legality of the decision on the grounds it had not been approved by the full assembly and therefore did not have the approval of all three nationalities (Amnesty International, 1992). In a similar vein to what happened in Croatia, conflict soon engulfed the republic, with the JNA and Serbian paramilitary clashing with Bosnian forces.

The leading Croatian political parties in Bosnia also played a role in destabilizing the republic. They pushed for the establishment of a distinct, predominantly Croatian territory within Bosnia and Herzegovina and maintained close ties with Franjo Tuđman and the Republic of Croatia, culminating in efforts toward eventual annexation to the Republic of Croatia. One of the proclaimed goals of the HDZ of BiH was to 'ensure the right of Croatian nation to the self-determination up to secession', thus "The Croatian Community of Herzeg-Bosnia" (HZ-HB) proclaimed its existence on 18th November 1991, with Tuđman declaring the HZ-HB as a "political, cultural, economic and territorial unit" (Goldstein, 2018). Tuđman and Milošević both viewed the large ethnic minorities of Croats and Serbs in Bosnia and Herzegovina as an opportunity to unite them with their respective republics and expand their respective territories, creating a 'Greater Croatia' and 'Greater Serbia'. Testifying against Slobodan Milošević in October 2003, Ante Marković, the former Prime Minister of the SFRY from 1989 to 1991, stated that during secret meetings in March 1991, President Tuđman and President Milošević "had agreed to divide up Bosnia and Herzegovina" (United Nations, n.d.).

War would ensue in Bosnia and Herzegovina from 1992 until the NATO bombing of the Serb-dominated Srebrenica area of Bosnia and Herzegovina forced the Bosnian Serbs to the negotiating table. The signing of the Dayton Agreement in December 1995 signalled the end of the Bosnian War. Under this agreement, the independence of Bosnia and Herzegovina was recognised, with the nation being internally reorganised into two entities: Republika Srpska (RS; 49 per cent of the territory) and the Muslim/Croat Federation of Bosnia and Herzegovina (51 per cent of the territory) (European Parliament, 2005). The atrocities committed during the Bosnian War represent some of the darkest days in the history of the Balkans. During the War, it is estimated that over 100,000 people were killed, an estimated 80 per cent of whom were Muslim Bosniaks, including the 1995 genocide where Bosnian Serb forces killed as many as 8,000 Bosniak men and boys from the town of Srebrenica. It was the largest massacre in Europe since the Holocaust (United States Holocaust Memorial Museum, n.d.).

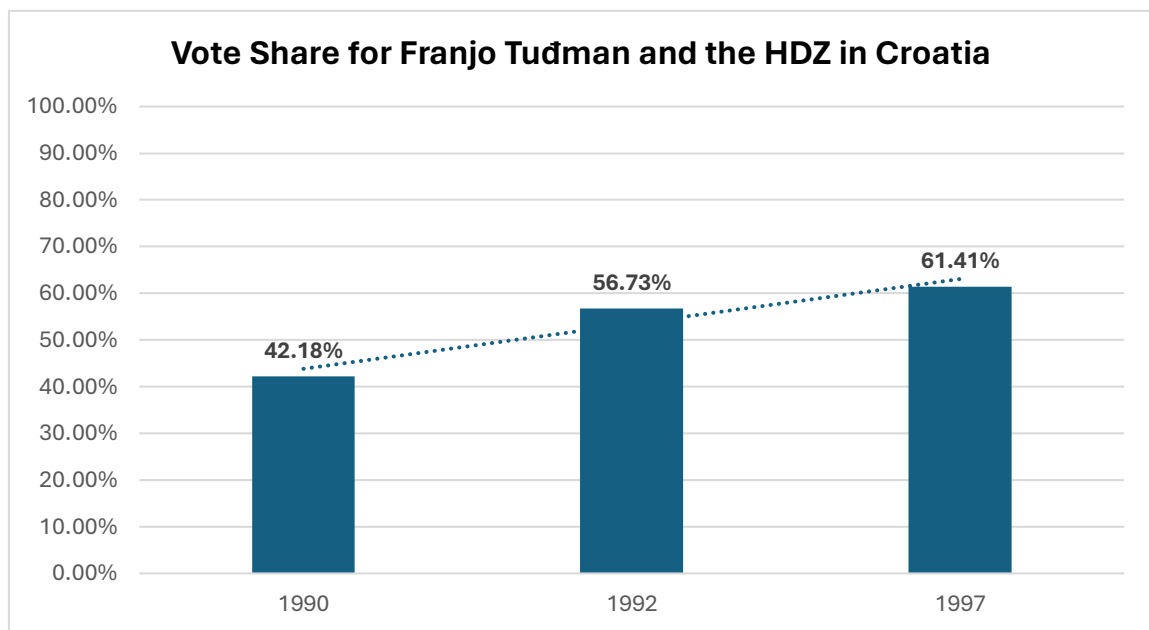
In 1998, Slobodan Milošević would play a key role in the breakout of the final war of the decade - the Kosovo War in 1998. Milošević's decision to revoke Kosovo's autonomy in 1989 only served to increase the desire for independence among ethnic Albanians in the region and gave rise to radical movements to achieve this goal. In 1996, the guerilla Kosovo Liberation Army (KLA) - viewed as freedom fighters by most Kosovars but considered terrorists by the Serbian state - carried out attacks on Serbian police stations and other targets. However, it wasn't until March 1998, when a clash between Serbian police and KLA militants in the Likosane area of Kosovo resulted in the deaths of 16 Kosovar fighters and four Serb policemen, marked the beginning of the Kosovo War (The Week, 2019). A brief ceasefire was agreed to, negotiated by the 'Contact Group' – composed of the U.S, UK, France, Germany, Italy and Russia (Department of State. The Office of Electronic Information, 2004). However, when the KLA resumed operations by attacking Serbs in Kosovo, Milošević and the Serbian forces would launch a campaign which the UN would later describe as "ethnic cleansing" (United Nations, 1999). The War would last over a year, ending in June 1999 after an 11-week NATO bombing campaign forced Milošević to withdraw his troops from Kosovo.

The dissolution of the Socialist Federal Republic of Yugoslavia, which officially commenced with Croatia and Slovenia unilaterally declaring independence on June 25th,

1991, began a chain reaction of secession across the country, with Macedonia following suit in September of the same year and Bosnia and Herzegovina in March 1992. Eventually, the SFRY would become the Federal Republic of Yugoslavia (FRY), consisting of just Serbia and Montenegro. The 1990s in Yugoslavia were characterized by violence, with three devastating wars in Croatia, Bosnia and Herzegovina and Kosovo. These conflicts inflicted immense suffering on the people of these countries, marking some of the darkest days in Balkan history.

An interesting point-of-view from this period is the voting trends in Croatia and Serbia, two countries that were heavily involved in the Yugoslav conflicts.

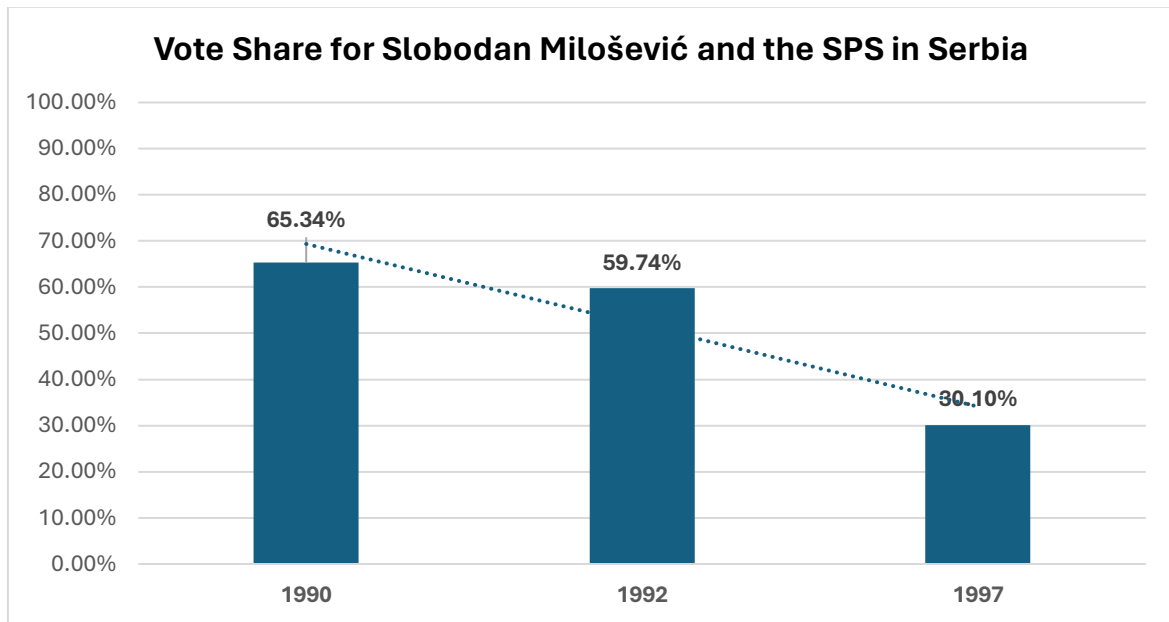
Figure 4: Vote Share for Franjo Tuđman and the HDZ in Croatia, 1990-1997



Source: (State Electoral Commission of the Republic of Croatia, n.d.)

As we can see from **Figure 4**, the steady increase in support for Franjo Tuđman's nationalist populist rhetoric and the HDZ party in Croatia during the inter-war years and beyond reflected a growing sense of Croatian identity and unity.

Figure 5: Vote Share for Slobodan Milošević and the SPS in Serbia, 1990-1997



Source: (Republička Izborna Komisija, n.d.)

However, as **Figure 5** shows, the declining vote share for Slobodan Milošević and the SPS party reflected a loss of confidence in the government, as the country faced further war towards the end of the decade. This downward trend indicates that the people of Serbia were becoming disillusioned with Milošević's government as war continued to ravage the country toward the close of the decade.

6. DISCUSSION

6.1 SUMMARY OF KEY FINDINGS

The topic of economic recession and its effects is a complex issue and one that can vary significantly on a case-by-case basis, depending on the social, cultural and political factors prevalent in a region at that time. In the case of Yugoslavia, the economic recession that plagued the country in the 1980s was not just a financial crisis, but a multifaceted catalyst that served to intensify pre-existing ethnic tensions and triggered dramatic changes in the region's political landscape. This discussion will explore how the economic recession, driven by the Yugoslav government's overreliance on Western funding in the post-World War II era, the inherent flaws of the socialist 'self-management' system, and austerity measures introduced by the Yugoslav government as a result of the strict conditionality of IMF reforms played a key role in the proliferation of nationalist populism.

The analysis of the Yugoslavia case study reveals that the economic burden on the Yugoslav people throughout the 1980s significantly affected the increase in support for Franjo Tuđman and Slobodan Milošević. Both Tuđman and Milošević effectively leveraged the economic grievances of their respective people, using their overtly populist rhetoric to promote economic stability and rejuvenation. For Tuđman, this came from the desire for a sovereign Croatia, and for Milošević, the idea of a 'Greater Serbia'. This populist rhetoric not only helped to bolster their political position within Yugoslav politics, but it also served to deepen existing societal divides and exacerbate ethnic tensions, which ultimately was a crucial factor in the breakout of the Yugoslav Wars.

Crucially, these findings underscore the profound impact of economic conditions on political dynamics and the potential for economic crises to inflame populist and nationalist movements.

6.2 INTERPRETATION OF KEY FINDINGS

The economic landscape of Yugoslavia during the 1980s was marked by a series of challenges which culminated in an economically precarious environment, where disillusionment and scepticism with the current regime under the League of Communists of Yugoslavia (LCY) increased and divisions among individuals from different socioeconomic backgrounds became more apparent. This unstable environment was created through soaring inflation rates, rising unemployment and widening economic disparities among the republics.

Examining these key economic indicators during the 1980s helps to portray the severity of the situation in Yugoslavia. Soaring inflation rates, which averaged 191.3 per cent for the decade, eroded the purchasing power of the Yugoslav people. This was further exacerbated by the rising unemployment across the nation, particularly in the southern republics where economic disparity between the North and the South widened. When comparing these economic metrics with the trend in support for the League of Communists Party, we can see that the younger generation in particular became increasingly aggrieved with the government's response to the financial crisis. A survey of young people's participation in the League of Communists showed that participation halved between 1976 and 1989 (see Table 4), and their desire to refrain from joining the party increased by 42 per cent nationwide between 1974 and 1989 (see Table 5). For Serbia and Croatia, the data depicting the unwillingness of young people to join the LCY grew by 36 per cent in Serbia, and a staggering 62 per cent in Croatia, highlighting the growing disenchantment of the Yugoslav people with the government at that time, particularly in the wealthier republics. This feeling of discontent stemmed from the government's response to the financial crisis. The contractionary measures implemented under the IMF repayment plan were a key contributor to the worsening economic condition, with the government abandoning various subsidy programmes to prevent imports helping drive inflation and eroding the Yugoslav people's disposable income. These findings support the theories proposed by (Blyth, 2013; Dooley & Frankel, 2003; Dreher, 2006; Forster et al., 2019; Garuda, 2000; Oberdabernig, 2013; Raymond Vreeland, 2002; Stiglitz, 2017) that suggest IMF loan arrangements can have adverse effects on further exacerbating poverty in developing countries and further delaying economic recovery.

As we have noted, this income inequality and exacerbated poverty particularly affected the working-class people of Yugoslavia, with poverty levels stabilising at approximately 25% nationwide by the mid-1980s, with 40% of social sector workers below the poverty line in the capital, Belgrade. The measures introduced in an attempt to stabilise the economy disproportionately impacted the working class, who bore the brunt of wage cuts, reduced social services, and rising living costs. On top of this, the housing shortages across the country's biggest cities also disproportionately affected new urban workers, often unskilled, who faced significant difficulties in finding affordable accommodation. This rising income inequality not only manifested itself along socioeconomic lines but also along ethnic lines in the various republics. When evaluating the effect of the financial crisis on each of the republics and autonomous regions, we can see that the economically disadvantaged regions (southern Yugoslavia) were disproportionately affected by the crisis (see **Table 1**). This economic disparity, which can be best portrayed through the gap in the per capita social product in Slovenia and Kosovo, being 8:1 in 1989, served to create tensions in both the North and South. Resentment built in the North as they became aggrieved with the Fund for Accelerated Development of Less Developed Regions (LDRs), which saw significant transfers of wealth from the northern republics of Croatia and Slovenia to LDRs such as Kosovo and Montenegro. On the contrary, these southern republics and regions believed that Croatia and Slovenia should be doing more to help alleviate the economic burden on the other nations. These conflicting opinions and the widening economic disparity proved to be a key factor in growing ethnic tensions between the regions and an increase in nationalist sentiments, in both the North and the South. This analysis is supported by theories proposed by Rothstein and Uslaner (2005) and Michalopoulos et al., (2013) who suggest that income inequality along ethnic lines exacerbates group identity salience and limits social cohesion by increasing between-group animosity and are associated with a reduction in social cohesion, particularly in interpersonal trust between different groups. Furthermore, this analysis is supported by Andersen and Fetner (2008) and Shayo (2009) who found that rising income inequality is a key factor that affects individuals' political and social attitudes, with studies finding that it increases nationalism and intensifies intolerance toward cultural outgroups. However, Shayo (2009) also proposed that income inequality increases the national identity of the

poor, but reduces the national identity of the rich, which I would have to disagree with in the context of Yugoslavia, as nationalist sentiments became increasingly prevalent in the richer Republic of Croatia, which culminated in the rise of Franjo Tuđman and the HDZ.

The growing frustration among the Croatian people at the Yugoslav government amidst the economic downturn of the 1980s was a key factor in Franjo Tuđman and the HDZ's rise to power in 1990. Tuđman's involvement in the *Croatian Spring* of 1971, cemented his status as a hero for the hardline nationalists of Croatia. With the people of Croatia demanding change from the current government run by the LCY (see **Table 5** and **Table 6**), the HDZ emerged as the most prominent anti-communist movement in the Republic, led by the Communist dissident Tuđman. Although there is a dichotomy of opinion amongst scholars regarding the correlation between periods of economic crisis and uptake in voting for more politically extreme parties, in the case of Croatia, the economic burden created by the financial crisis of the 1980s and the subsequent nationalist sentiments brought on by the crisis, played a key role in Croatian support increasing for the nationalist populist rhetoric of Franjo Tuđman. This is supported by empirical studies by Kriesi and Pappas (2015) and Hernández and Kriesi (2016) who found there to be a positive correlation between economic crisis and the growth of populism. Support for Tuđman and the HDZ increased during the 1990s (see **Figure 3**), reflecting an upward trend in the support for nationalist populism in Croatia during the inter-war and post-war years.

Tuđman's rise to prominence in Croatia also directly correlated with the growing influence of Slobodan Milošević within Yugoslav politics. His populist approach capitalised on the economic and social grievances of the people of Belgrade, buying into the growing 'class solidarity' which was emerging amongst the working-class people of Belgrade. His promise of national rejuvenation resonated deeply with the people of Serbia, helping to arouse a sense of nationalism across the country and create an "us versus them" attitude. His solidarity with ethnic Serbs in other republics, particularly in Kosovo, but also in Croatia and Bosnia and Herzegovina, would also add to the growing nationalist sentiments among the Serbs, in the Republic of Serbia and elsewhere, with Milošević's idea of a 'Greater Serbia' appealing to the ethnic Serbs living outside of Serbia. Milošević's speeches in Kosovo, particularly in 1987, would prove to be crucial,

with his pro-Serb stance and blame of ethnic Albanians for the economic struggles of Kosovo. Milošević's rise to power was strongly influenced by the economic struggles of the people of Serbia during the 1980s, as well as the growing desire for Serbia's unification in the autonomous regions of Kosovo and Vojvodina. Milošević's populist rhetoric, his anti-elite stance, and the blame of other ethnic groups appealed to those most affected by the financial crisis. The theory proposed by Funke et al., (2015) which suggests that during periods of financial crisis, voters seem to be systematically lured toward the rhetoric of far-right and far-left politics, and with it, their often nationalist and xenophobic tendencies, ring true in the case of Slobodan Milošević as his criticism of other ethnic groups for the struggles of the Serb people, resonated deeply with the Serb minorities across the federation.

The Yugoslav Wars of the 1990s were a direct consequence of the profound economic, social, and political challenges faced by the Yugoslav people, which significantly shaped the nation's descent into conflict and fragmentation. As we have discussed, the economic and social challenges across Yugoslavia gave rise to both Franjo Tuđman and Slobodan Milošević – two leaders who played a significant role in the breakout of war in the region. Slovenia and Croatia's independence on June 25th, 1991, officially marked the beginning of the dissolution of the nation and the breakout of War. However, it was the actions and decisions of leaders such as Franjo Tuđman, but particularly Slobodan Milošević which are to blame for the violent disintegration of Yugoslavia. Milošević's reluctance to compromise with Slovenia and Croatia's demands for a looser federation with diluted Serbian influence and greater sovereignty for each of the republics left Slovenia and Croatia with no alternative but to pursue independence.

Milošević can also be held accountable for the Serb minority uprising in Croatia, as he directly assisted and encouraged the Serbian rebels, under his idea of this 'Greater Serbia'. In a similar vein, both Tuđman and Milošević facilitated the respective Croatian and Serbian minorities to engage in conflict in Bosnia and Herzegovina, with Tuđman publicly endorsing the autonomy of the Croatian Community of Herzeg-Bosnia (HZ-HB) as a "political, cultural, economic and territorial unit", and Milošević admitting to funding rebel Serbs in Bosnia and Herzegovina. Their disregard for the ethnic majority Bosniak Muslims was evident, with Milošević and Tuđman holding secret meetings in

1991, discussing dividing up Bosnia and Herzegovina, without the President of Bosnia and Herzegovina, Alija Izetbegović, present.

Milošević's decision to revoke Kosovo's autonomy in 1989 and reintegrate both Kosovo and Vojvodina into Serbia laid the foundations for radical movements in Kosovo, such as the Kosovo Liberation Army (KLA), to gain traction. In 1998, Milošević and Serbia launched a campaign of "ethnic cleansing", targeting the ethnic Albanians in Kosovo.

The analysis demonstrates that the nationalist populist rhetoric espoused by leaders such as Slobodan Milošević and Franjo Tuđman played a pivotal role in exacerbating ethnic tensions within Yugoslavia and triggering the outbreak of conflict in the 1990s. By exploiting economic hardships and historical grievances, Milošević and Tuđman were able to effectively mobilize support along ethnic lines, portraying themselves as defenders of their respective ethnic groups' interests. This divisive rhetoric not only deepened existing divisions but also fuelled animosity and distrust among different ethnic communities. Byman (2021) suggests that such rhetoric can empower individuals to act on pre-existing prejudices, spread hostile political discourse, and foster a more polarized environment where violence is seen as more acceptable or even heroic.

Milošević's rhetoric encapsulated this sentiment, encouraging Serbian rebels to perceive themselves as heroes fighting for the unity of Serbs. Milošević would later be indicted in May 1999, charged with counts of genocide, crimes against humanity and war crimes committed in Croatia, Bosnia and Herzegovina and Kosovo between 1991 and 1999. The trial formally ended on 14 March 2006, following Slobodan Milošević's death in the Tribunal's Detention Unit on 11 March 2006, just weeks shy of the trial's scheduled conclusion (United Nations, n.d.)

From the interpretation of this analysis, we can discern the significant impact of the economic crisis in 1980s Yugoslavia in exacerbating economic insecurity and fuelling nationalist sentiments. Nationalist populist leaders like Tuđman and Milošević capitalised on this unstable environment to garner support for their campaigns. Their charismatic personalities and self-depiction as champions of their nations' interests helped to bolster this growing support.

This analysis holds several important implications regarding the topic 'The Impact of Economic Recession on the Proliferation of Populism and Conflict'. The economic

recession of 1980s Yugoslavia provided a detailed and suitable case study that allowed this thesis to underscore the intricate and multi-faceted relationship between economic recession, the rise of nationalist populism, and the outbreak of conflict.

1. Economic Recession as a Catalyst for Nationalist Populism

The case study on Yugoslavia highlights how periods of economic recession can provide a breeding ground for a rise in nationalist populist movements. Economic downturns, characterized by an increase in unemployment, rising inflation, and widening of economic and social disparities, all of which were extremely prevalent in Yugoslavia during the 1980s, can generate disillusionment and discontent with established governmental regimes. The failure of the Yugoslav government to effectively relieve the economic burden on the Yugoslav people through economic policies was a key factor in the rising discontent within Yugoslavia. Populist leaders, such as Franjo Tuđman and Slobodan Milošević, capitalised on these grievances, portraying themselves as ‘champions of the people's interests’ against corrupt elites and external threats. This underscores the importance of addressing economic inequalities and social grievances through expansionary policies, to mitigate the appeal of extremist political ideologies during times of economic turmoil.

2. Ethnic Tensions and the Escalation of Conflict

The analysis underscores the role of economic recession in exacerbating ethnic tensions and fuelling conflict. In the case of Yugoslavia, widening economic disparities among its republics and autonomous regions, particularly between the richer northern republics of Croatia and Slovenia and the poorer southern regions of Montenegro and Kosovo, contributed to growing resentment and nationalist sentiments along ethnic lines. Tuđman and Milošević exploited these divisions, often scapegoating other ethnic groups within Yugoslavia for the economic hardships and challenges faced by their people. The rising ethnic tensions would culminate in three violent wars which would cause devastation across the Balkans for almost a decade. This highlights the potential for economic downturns to exacerbate existing fault lines and escalate intergroup conflicts, with Kukić (2019) suggesting that ethnically divided societies tend to be characterised by a higher incidence of conflict, underscoring the need for inclusive economic policies and conflict resolution mechanisms to address underlying grievances.

3. Complex Interplay between Economic, Social and Political Factors

The case study highlights the intricate interplay between economic, social, and political factors, affecting the dynamics between nationalist populism and conflict. While economic recession in Yugoslavia played a key role in fuelling discontent and nationalist sentiments, the historical and cultural makeup of the country also strongly influenced the proliferation of nationalist populism. Tuđman and Milošević were able to draw on ethnic and historical narratives, to encourage an “us versus them” mindset amongst their supporters. This complexity emphasises the importance of understanding historical, cultural, and institutional contexts of a region when analysing the drivers of nationalist populism. Policymakers need to consider the broader social and political landscape of a region when formulating strategies to mitigate the effects of an economic recession, recognising that economic crises often exacerbate pre-existing tensions which can be exploited by nationalist populist movements.

To conclude, the case study on Yugoslavia during the 1980s offers valuable insights and perspectives on the multifaceted relationship between economic recession, populism and conflict. By looking at the specific dynamics that were at play in Yugoslavia during the 1980s and early 1990s, important lessons can be learned on how to and how not to address similar challenges in the future, to ensure avoiding a similar fate to that of Yugoslavia in the 1990s. Ultimately, these lessons highlight the importance of proactive expansionary measures to diminish the negative effects of economic recession, to help promote and foster social cohesion and to prevent environments that strengthen support for political extremism.

6.3 LIMITATIONS

In terms of the limitations of the study, I think the main issue centres on the absence of primary research opportunities. While I was able to access a wide range of datasets from reputable sources such as the *World Bank* or the *IMF*, I was unable to conduct any primary research and create datasets using data that I had collected. In some cases, I encountered inconsistencies among different data sources, which sometimes presented

slightly varied results. To address this, I ensured consistency by relying on data from the same reputable sources.

Another limitation I encountered concerning the data was the availability of data from the 1980s and 1990s Yugoslavia poses significant challenges as much of the relevant data is not in English, necessitating extensive searches through sources in different languages, particularly Serbian, which use both Latin and Cyrillic alphabets. This language barrier can lead to potential misinterpretations or particularly missed information. Additionally, the quality and completeness of the data may vary, impacting the reliability and comprehensiveness of the analysis.

Much of the data I gathered from sources I reviewed were from nationals of countries involved in the conflicts, which could potentially introduce bias. People from these countries may have different versions of events influenced by national narratives and personal or collective experiences. This could affect the interpretation of events and the perceived impact of economic and political factors, potentially resulting in subjective accounts that may not accurately reflect the broader context of the situation.

Finally, when analysing data that grouped Yugoslavia as a whole, it is important to note the contrast in living standards and wealth between the regions in the country.

Significant economic disparities existed between the northern and southern republics, with MDRs like Slovenia and Croatia contrasting sharply with LDRs such as Kosovo and Montenegro. These regional differences mean that aggregate data can obscure important variations in economic conditions and social dynamics.

6.4 FUTURE LINES OF RESEARCH

This thesis has touched on various aspects and laid the foundation for future researchers to explore several promising directions under the umbrella topic of economic recession, populism, and conflict. One important avenue that could be explored could be a comparative analysis with other regions where populism has been present, such as the Middle East or Latin America. This comparative approach could help researchers identify both universal patterns and unique factors that drive the relationship between economic downturns, populism, and conflict.

Another key area that could be explored is the impact of the Yugoslav Wars on the proliferation of populism in the other former republics of Yugoslavia in the late 1990s and early 2000s. Investigating the effect of the Wars on political ideologies and movements could give us an insight into the long-term effects of conflict on the support for populist movements. As I touched on in the analysis, support increased for Tuđman and the HDZ during the 1990s (see **Figure 4**) and decreased for Milošević and the SPS (see **Figure 5**). This research could help show how wartime experiences helped to increase or decrease populist sentiments in countries such as Serbia, Croatia, Bosnia and Herzegovina, and Kosovo.

Finally, a more in-depth analysis of the effectiveness of various economic policy responses in the face of economic crisis can be essential for mitigating the rise of extremist political views and preventing conflict. Comparative studies of successful and unsuccessful policy responses across various regions can help us to understand which policies helped stabilise economies, and which policies further exacerbated social tensions.

These lines of research could serve to not only deepen our understanding of the intricacy between economic recession, populism, and conflict but also provide valuable lessons for avoiding future conflicts and promoting political stability during periods of economic downturns.

7. CONCLUSIONS

This thesis sought to examine impact that economic recession has on the proliferation of populism and subsequent outbreak of conflict, paying particular attention to the economic crisis that plagued Yugoslavia in the 1980s. From this case study, I can confidently say that the economic recession in Yugoslavia profoundly impacted the rise of nationalist populist leaders, Franjo Tuđman and Slobodan Milošević, with their influence on the breakout of the Yugoslav Wars evident.

The literature review provided me with a clear understanding of the links between economic recession, populism, and conflict, offering both theoretical and empirical evidence to support their statements. Understanding this body of work allowed me to identify similarities and patterns between the literature review and case study, deepening my understanding of how economic crises can fuel populist ideologies and social unrest.

The economic crisis gave rise to disillusionment with the government as well as dangerous nationalist sentiments and heightened distrust among the multi-ethnic region of Yugoslavia. Milošević in particular, was able to leverage this distrust, exploiting these existing sentiments using his overtly populist rhetoric to provoke social and ethnic tensions and cement his place within Yugoslav politics.

I can also confidently say that the actions of Tuđman, and particularly Milošević, driven by personal and political ambitions, were crucial in eroding the trust and unity which the nation was built on after World War II. Their political strategies to position themselves as the defenders of their respective ethnic groups' interests played a pivotal role in the breakout and bloodshed of the Yugoslav Wars.

Ultimately, the economic and social instability brought on by the 1980s economic recession in Yugoslavia played a pivotal role in the rise of populism in the region. Their subsequent actions would ultimately play a key role in the breakout of three devastating wars that led to the fragmentation of the Yugoslav Federation. The effects of these devastating wars have long-lasting effects, still felt by the people of Eastern Europe today, in the forms of large-scale migration, shifts in cultural identity, and regional tensions in the Balkans.

8. AI STATEMENT

Declaración de Uso de Herramientas de Inteligencia Artificial Generativa en Trabajos Fin de Grado

ADVERTENCIA: Desde la Universidad consideramos que ChatGPT u otras herramientas similares son herramientas muy útiles en la vida académica, aunque su uso queda siempre bajo la responsabilidad del alumno, puesto que las respuestas que proporciona pueden no ser veraces. En este sentido, NO está permitido su uso en la elaboración del Trabajo fin de Grado para generar código porque estas herramientas no son fiables en esa tarea. Aunque el código funcione, no hay garantías de que metodológicamente sea correcto, y es altamente probable que no lo sea.

Por la presente, yo, [Nombre completo del estudiante], estudiante de [nombre del título] de la Universidad Pontificia Comillas al presentar mi Trabajo Fin de Grado titulado "[Título del trabajo]", declaro que he utilizado la herramienta de Inteligencia Artificial Generativa ChatGPT u otras similares de IAG de código sólo en el contexto de las actividades descritas a continuación [el alumno debe mantener solo aquellas en las que se ha usado ChatGPT o similares y borrar el resto. Si no se ha usado ninguna, borrar todas y escribir "no he usado ninguna"]:

1. **Brainstorming de ideas de investigación:** Utilizado para idear y esbozar posibles áreas de investigación.
2. **Constructor de plantillas:** Para diseñar formatos específicos para secciones del trabajo.
3. **Corrector de estilo literario y de lenguaje:** Para mejorar la calidad lingüística y estilística del texto.
4. **Sintetizador y divulgador de libros complicados:** Para resumir y comprender literatura compleja.

Afirmo que toda la información y contenido presentados en este trabajo son producto de mi investigación y esfuerzo individual, excepto donde se ha indicado lo contrario y se han dado los créditos correspondientes (he incluido las referencias adecuadas en el TFG y he explicitado para que se ha usado ChatGPT u otras herramientas similares). Soy consciente de las implicaciones académicas y éticas de presentar un trabajo no original y acepto las consecuencias de cualquier violación a esta declaración.

Fecha: 04/06/2024

Firma: Simon Harkins

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